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NEWS SUMMARY

GENERAL

Angola orders death for four

An Angolan court yesterday sentenced four white mercenaries to death by firing squad for their part in the civil war. Nine other men were jailed for terms of from 16 to 30 years.

Unless President Neto commutes the death sentences, the condemned men may be shot within 48 hours. They are Cyprus-born. British national Costas Georgiou, known as Colonel Callan, two other Britons and an American.

Mr. James Callaghan, Prime Minister, who is in Puerto Rico, last night sent a personal message to President Neto asking for clemency.

In Washington the State Department said the death sentence passed on the American was not justified under international law. Back Page

Amin negotiates with skyjackers

Palestinian gunmen were last night holding more than 250 passengers and crew of an Air France Tel Aviv-Paris airbus at Entebbe airport in Uganda. They threatened to blow them all up in the airport building to which they had been escorted if Ugandan security forces intervened. Negotiations continued between President Amin and the guerillas who had skyjacked the airliner on Sunday and diverted it to Libya.

Fierce battle for Lebanon camp

The battle for control of the Palestinian refugee camp of Tel al-Zaatar inside the Christian-controlled area of east Beirut appeared to be near a climax last night as a heavy assault developed. Page 5

£2m. haul at Heathrow airport

When a representative of the U.S. air courier company, Purolator Services, arrived at Heathrow airport to-day to collect £2m. worth of foreign currency which had been deposited in a British Airways security area, he found that the money had been signed out on Saturday to a courier bearing forged papers. The cash had been flown in from an undisclosed country for temporary deposit at the airport.

Three more days of heat wave

Reporting a London peak at 3 p.m. of 91 degrees F after the hottest June night on record, the London Weather Centre forecast a further three days of heat-wave in the south of England. It should also remain hot elsewhere, except in Scotland were normal temperatures are expected. Coping with thirst, Back Page

Rail threat

Train services to and from London's Waterloo station may be badly hit to-day by an unofficial strike of drivers. Southern Region of British Rail warned last night of cancellations and delays on the Waterloo lines if the threatened 24-hour strike goes ahead. The dispute is over disciplinary action involving a driver.

Briefly ...

Two Wimbledon linesmen were reported to the chief umpire after protests that they showed favouritism to Britain's Sue Barker who lost to Martina Navratilova of Czechoslovakia. Wimbledon report, Page 2

Van Gogh's L'Heure de Midi fetched £480,000 at Sotheby's last night. Other saleroom news, Page 2

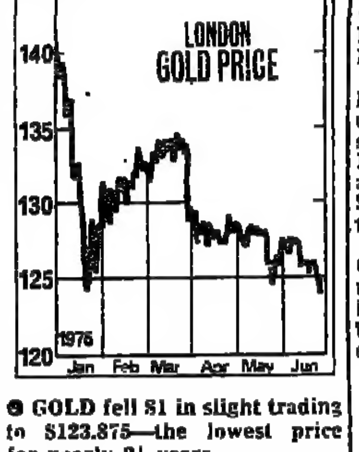
Actor Sir Stanley Baker died in hospital in Malaga, Spain, yesterday. He was 48.

BUSINESS

Equities slip 3.6; new fall in gold

● EQUITIES drifted down in thin trading as the market failed to shake off its apathy at the start of the new Account. The FT 30-Share Index closed at the day's worst of 371.5, down 3.6. Official markings at 3,572 were below last week's daily average of 4,202, the lowest since August.

● GILTS were quietly firm, possibly helped by talk of public spending cuts. Mediums and longs gained ¼: shorts were irregular.



● GOLD fell $1 in slight trading to $123.875—the lowest price for nearly 2½ years.

● STERLING gained 25 points to $1.7745. Its trade-weighted depreciation narrowed to 39.1 (39.2) per cent.; dollar's narrowed to 1.99 (2.02) per cent.

● WALL STREET fell ... to 997.38.

● UNITED STATES had a record $396m. trade surplus last month—the first surplus since December—as a result of lower oil imports and record exports. Page 4

● OFFICIALS with Mr. James Callaghan at the Puerto Rico economic summit have denied that the Prime Minister told President Ford that the U.K. would cut spending further in the near future. Back Page

BP under State pressure

● BP is under intense Government pressure to accept early State participation in its North Sea oil interests. Ministers and representatives of BP and the British National Oil Corporation met for two days in a country retreat to try to reach agreement. Back Page

● RECRUITMENT scheme has been launched to ensure that the engineering industry has enough craftsmen to take advantage of the economic recovery. Page 14

● SURPLUS LABOUR is expected to cost the Port of London Authority £6m.-£7m. this year, warned Lord Aldington, the chairman. Page 10

● BRITISH SHOE Corporation should be referred to the Monopolies Commission and its chain of 2,000 shops broken up, according to a Government-sponsored study by management consultants. Page 10

● MR. FRANK CHAPPLE has beaten Left-wing challengers to be re-elected secretary of the Electrical and Plumbing Trades Union by a record majority. Page 14

● IRISH BANK STRIKE began yesterday and seems certain to last at least a week. Page 6

COMPANIES

● THE BIDDER for Tom Martin Metals is S. & W. Berisford, which is offering £13.1m. for the company. Page 28

● J. B. EASTWOOD produced a £7m. pre-tax profit in the year to March 26, against a £0.54m. loss the previous year. Page 27 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated.)

RISES

Allied Colloids	119	+ 10
Anglo-Amer. Asphalt	173	+ 11
Eastwood (J. B.)	38	+ 4
Ellis and Everard	101	+ 4
Eucalyptus Pulp	45	+ 3
Gates (F. G.)	xd52	+ 4
Head Wrightson	51½	+ 2½
...M Assoc. Inv	57	+ 7
Lowe and Brydone	38	+ 4
Martin (T.)	82	+ 4
...alor	24	+ 4
...rren (J.)	74	+ 4
...l Exploration	77	+ 3
...thrie	180	+ 5
...denburg	111	+ 9
...sedon	290	+ 5
Pot. Plat.	167	+ 9
Union Plat.	162	+ 10

FALLS

Beecham	367	− 4
British Home Stores	323	− 7
Cronite	31	− 3½
Glaxo	383	− 7
Hawker Siddeley	432	− 8
Land Secs.	xd148	− 4
MEPC	62	− 3
Racal Electronics	xd214	− 4
Rowntree Mackintosh	216	− 4
Smith Bros.	39	− 3
Sun Alliance	378	− 5
Thomson	254	− 4
UDS	71	− 3
Wilkins and Mitchell	30	− 4
BP	565	− 5
Harmony	375	− 25
Metals Expln.	76	− 7
West Drie.	xd£20¾	− 1½
Westfield Minerals	192	− 8

Talks on State aid as Leyland Cars resumes investment

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

Leyland Cars has during the last few weeks lifted the investment freeze which was imposed last autumn during a series of crippling industrial disputes.

In the short term this means that Leyland Cars is now going ahead with selective investment on smaller-scale projects, like new model derivatives, which are calculated to yield a relatively high return for a limited lay-out of cash.

But in the longer term Leyland is planning to give first priority to two projects, the new Mini and the modernisation of the foundries, which together will cost about £200m.

The build-up of this heavy investment programme depends on the timing of Government approval of the first tranche of British Leyland's loan finance which is now being discussed with the National Enterprise Board and the Department of Industry.

Although these discussions have run into difficulties because of Treasury anxieties about the scale of investment in the Mini, Leyland is hoping to receive approval for its first tranche of State loan finance by the end of the Summer.

The decision of the Cars Group to reinstate its investment programme indicates growing confidence on the part of the management that its endemic labour problems are on the way to a solution. During the last eight months senior managers in the Cars Group and at BL's corporate headquarters have repeatedly stressed that their support for injecting more Government finance into car production depended on an improved industrial climate.

Leyland has been encouraged, however, by the progress made in its worker participation programme, and the gradual improvement of output since the last bout of serious disruptions in April.

Dispute

Following these strikes production was pushed up to about 19,000 cars a week, and, although this has been slightly affected by the recent dispute at Rubery Owen, one of Leyland's suppliers, the company is aiming to reach an output of about 22,000 units a week in August. In the longer term, this figure will probably be pushed up by another 2,000 to 3,000 units a week.

Overall, the investment programme being pursued by Leyland Cars will broadly follow the lines laid out in the Ryder Report, which envisaged an expenditure of £106m. this year, £167m. in 1977, and £249m. in 1978.

The eight-month freeze, however, has meant some distortion of this pattern, and the Group may want to pull forward some of its investment to catch up next year.

Indeed, on the Mini replacement programme it is particularly important that orders are signed off as soon as possible. The Government has complained recently of "slippage" in developing the new Mini, planned for some time in 1979, and the machine tool industry is anxious to begin work on orders to avoid capacity problems as industry generally comes out of the current recession.

Discussions on several contracts are virtually completed and are expected to be placed as soon as the Government approves the plans for the next

Improvements to the foundry facilities are also a crucial element in the early investment plans of the Car Group. Without better foundries it will be virtually impossible for the company to achieve rationalisation of its engine range which is a central part of producing a streamlined model line up.

New Portuguese leader warns against extremism

BY PAUL ELLMAN

LISBON, June 28.

PORTUGAL'S NEW President, General Antonio Ramalho Eanes, to-day pledged early and decisive measures to give the country a strong government.

The general headed a four-man field, taking the Presidency in the first round on Sunday with just over 60 per cent. of the vote.

Second place went to Major Otelo Saraiva de Carvalho, folk-hero of the April 25 coup and former head of the internal security command, Copcon, who captured 16.5 per cent. of the votes.

Third position went to Admiral Jose Pinheiro de Azevedo, Prime Minister in the present caretaker Cabinet, who took 14.3 per cent. despite having his campaign dramatically curtailed by a heart attack last Wednesday.

The Communist candidate, Senhor Octavio Pato, performed disastrously, pulling in only 7 per cent. of the votes—half the party's share in April's legislative elections. A great deal of party support was believed to have siphoned off to Major Otelo.

General Ramalho Eanes warned that he would not allow Portugal's new parliamentary system to be undermined by either the far Right, or the far Left.

He stressed at a news conference that the vote for him showed that the "vast majority" of the Portuguese people wanted democracy. "The laws of our young democracy will be reinforced," the General warned.

RESULTS

General Ramalho Eanes	2,967,414
Maj. Otelo	796,392
Admiral Pinheiro de Azevedo	692,382
Octavio Pato (Comm.)	365,371
Eligible voters	6,477,484
Votes cast: 4,885,624 (75 per cent.)	

adding that "insurrectional activity" would not be tolerated.

The 41-year-old general rose to prominence after he emerged as the figure responsible for crushing the abortive Left-wing military uprising last November 25.

Named Army Chief of Staff for his role then, he subsequently entered the Presidential race with the backing of Portugal's three biggest political parties, the Socialists, Popular Democrats and Centre Democrats, who together captured three-quarters of the vote in April's parliamentary election.

General Ramalho Eanes confirmed to-day that he would invite Dr. Mario Soares, the Socialist leader, to form a minority Government.

It was important for Portugal to have a government which was "homogenous, cohesive and operational," the general declared, describing the main task as restoring political stability immediately.

General Ramalho Eanes issued thinly veiled warnings to the Communist Party and to the candidate who came second in Sunday's vote, Major Otelo.

Asked about a threatened offensive by Communist-led unions to push the party's demand for government portfolios, the general said he was sure that the Communists, as patriots, would understand that a government programme approved by the National Assembly must be complied with.

He declined to be drawn on the fate of Major Otelo, who risks charges for his part in the November 25 rebellion, stating only that this would be left to the courts to decide.

Editorial Comment Page 16

U.K. seeks EEC fisheries deal

BY DAVID BUCHAN

A MOVE to revise the EEC Common Fisheries Policy to Britain's benefit will be made by Mr. Anthony Crosland, the Foreign Secretary, to-day at the EEC Foreign Ministers' meeting in Luxembourg. He will put to his European counterparts a three-point programme of change, outlined in the Commons yesterday by Mr. Fred Peart, Minister of Agriculture, Fisheries and Food.

The three points are that EEC member-States should make an early declaration of intent to extend their fishing limits to 200 miles, as Iceland and others have recently done; that inside the Community, Britain should have a coastal band of between 12 and 50 miles, reserved solely for British fishermen; and that the Community should soon start negotiations with third countries about their fishing in the waters of member-States.

This last point is of some urgency to Britain because the present agreement with Iceland runs out within six months, and something short of a return to a cod war must be found to replace it.

But this programme does not satisfy the fishing industry, which believes the proposed 12-50 mile coastal band inadequate to protect its interests, and that Britain should be prepared to take unilateral action if necessary in declaring her own 200-mile limit.

Mr. Peart met less criticism from the industry and MPs when he disclosed in the Commons that he would discuss with employers and unions the feasibility of compensation for fishermen put out of work by the Iceland agreement who did not have regular contracts of employment.

Last night Mr. Peart held a "summit" meeting with fishing organisations, unions and local authorities in what he described as "a first step" in his consultations over a new fishing policy.

Mr. Francis Pym, Shadow Agriculture Minister in the Commons, welcomed Mr. Peart's discussions with the industry, though he said that these should have been taking place over the past year.

The need for major changes in EEC fishing policy was further underlined in London yesterday by Mr. Charles Meek, chairman of the White Fish Authority.

Presenting the Authority's annual report, Mr. Meek said the resolution of the Icelandic dispute could be regarded as the first step towards a new world of 200-mile limits.

Criticising the "common resources" doctrine on EEC fisheries, Mr Meek said: "It is precisely because nobody owns the resource that overfishing develops in so many of the oceans of the world."

The report shows that total supplies of white fish in 1975 to the British market were the lowest for 12 years. British landings were 9 per cent. down on 1974 at 688,874 tonnes, while imports rose from 144,853 tonnes to 159,983.

Editorial Comment Page 16
EEC Ministers, Page 6;
Parliament, Page 13

Cabinet rebuffed on child benefits

By Richard Evans, Lobby Correspondent

THE GOVERNMENT beat a tactical retreat in the Commons last night in the face of Conservative and Labour backbench criticism of the controversial Cabinet decision to postpone the introduction of the Child Benefit Scheme.

A threat from more than 20 Labour MPs to abstain on the division meant that the Government faced almost certain defeat. Ministers therefore decided not to force a vote.

Although the decision avoided the humiliation of a defeat, the retreat was seen as a moral victory for the Conservatives and, more important, for the Labour backbench critics of the Government's policy, led by Mrs. Barbara Castle, former Secretary for Social Services.

The reversal will have no immediate effect on Government policy, however, as the debate was on a technical motion to adjourn the House.

In the debate, Mr. Patrick Jenkin, Opposition spokesman on the social services, produced a confidential document from the Department of Health and Social Security dated September 1976 which gave details of the benefits, provided by the original child benefit scheme. He described it as another document that had "escaped from the Cabinet's secrets box."

Procedural

In practical terms, the reverse means the loss of two Government motions down for debate after the division, one on a scientific research levy on the iron casting industry and the other on a scheme for varying capital grants for horticulture. Three more hours will have to be found for these in the Government's already badly over crowded programme.

There were Tory cheers when Mr. David Ennals, Secretary for Social Services, announced the Government's withdrawal from a confrontation on the grounds that the Opposition had chosen a procedural device for the debate rather than setting out their party policy on the issue.

The Labour backbench threat to abstain also meant that the Prime Minister's warning to the Parliamentary Labour Party last week — that support for the Child Benefit Scheme now amounted to an issue of confidence in the Government—had had no visible effect.

The original child benefit scheme, dropped by the Cabinet after a much publicised row about its cost and disputed claims that TUC leaders were opposed to it because of the effect on take-home pay, would have given each child about £2.60 a week directly payable to mothers.

Society To-day Page 25

Founders back in top posts at MFC

BY JOHN WYLES, SHIPPING CORRESPONDENT

CAPTAIN MILO BRENER and Mr. Yaacov Meridor, founders of Maritime Fruit Carriers, have been restored to top executive authority in a surprise Boardroom move which may affect the course of the company's financial crisis.

According to banking sources last night the change at the top of the Israeli-American shipping group throws into question understandings reached during the last six months to reschedule the company's debts, which are variously estimated at between $160m. and $200m. (£90.3m. and £113m.).

'Asked to quit'

Mr. H. Struve Hensel, the 74-year-old New York lawyer who has been president and managing director since February, was apparently asked to vacate his job at an MFC Board meeting on Saturday. "He was asked to be our counsellor," said Capt. Brener last night. "We hold him in high regard and esteem."

Mr. Hensel was reported to be still at his desk at MFC's London office, yesterday. Although not available for comment, he was understood to be urging the newly-restored joint managing directors, Capt. Brener and Mr. Meridor, to stand down or face the prospect of jeopardising progress over the past few months in stabilising the company's affairs.

The return of the two men who were most closely associated with the company's financial crisis could, it is thought, severely damage the confidence of some creditor banks.

When Captain Brener and Mr. Meridor gave way to Mr. Hensel and settled for non-executive positions on the MFC Board last February, the company had defaulted on payments of $23.5m. (£13.2m.) owed to banks and institutional creditors. An additional $15m. (£8.4m.) was owned to trade and service creditors.

Apart from seeking a short-term moratorium on interest and principal payments, Mr. Hensel's strategy had been based on securing a $15m. cash injection from an unidentified group of American shipping interests. It is understood that this proposal failed to win Board approval on Saturday.

This has dismayed some of MFC's leading creditor banks who regard such an investment as a vital contribution to its cash flow problems and also as an expression of confidence which might pave the way to rescheduling of some major loans.

However, after a number of exploratory missions to New York: MFC's joint managing directors are believed to be confident that they in turn can arrange a similar amount to that sought and obtained by Mr Hensel but from different sources.

In particular, the two Israeli-born founders are holding out the prospect of an American group of shippers providing stand-by credits in return for a 50 per cent. stake in the company. The group already has a holding in the company.

Despite Mr. Hensel's efforts over the past six months, the Boardroom shake-up has come at a time when MFC's operational problems have shown little sign of easing. In particular, all the seven refrigerated ships which sail under the Israeli flag have been immobilised either because of arrest by creditor banks or action by Israeli seamen's unions, which claim $3.4m. to cover wages owed and severance payments.

Their action culminated last Friday in the captain of one ship, the Persimonecore, ignoring orders to land his cargo at Rotterdam and deciding instead to sail for Haifa. The captain claimed that there was a near-mutinous situation among his crew, while MFC accused him of an "act of piracy"

U.K. changes

Earlier last week four directors of MFC's British subsidiary Island Fruit Reefers, including Sir Norman Denning, the chairman, abruptly left the company.

IFR operates 18 refrigerated vessels out of MFC's total fleet of 40. All are on charter to the Swedish shipping group Salen, and many are believed to be as vulnerable to arrest as the Israeli flag vessels. At the end of last week, one British flag-ship the Orchidea, was detained in Dover on behalf of the Danish engine-builders Burmeister and Wain.

MFC was created in the early 1960s by Captain Brener and Mr. Meridor, who by 1973 had established its shares at record levels. The business was highly geared and predominantly based on the reefer fleet operations, together with buying and selling of new ships.

In 1972 MFC set up a joint company with Swan Hunter, which ordered 26 tankers from the Tyneside yard. The first batch of 13 has now nearly been completed, with 10 sold and three unfixed. Options on the second batch have been cancelled.

The company's cash problems began last year when revenues from the reefer fleet were unable to cover increased costs, arising partly from revaluations of the West German mark. The ships had been financed in marks, but their revenues were in dollars, with the result that repayment costs were increased.

Now it's Concorde to Washington and Bahrain.

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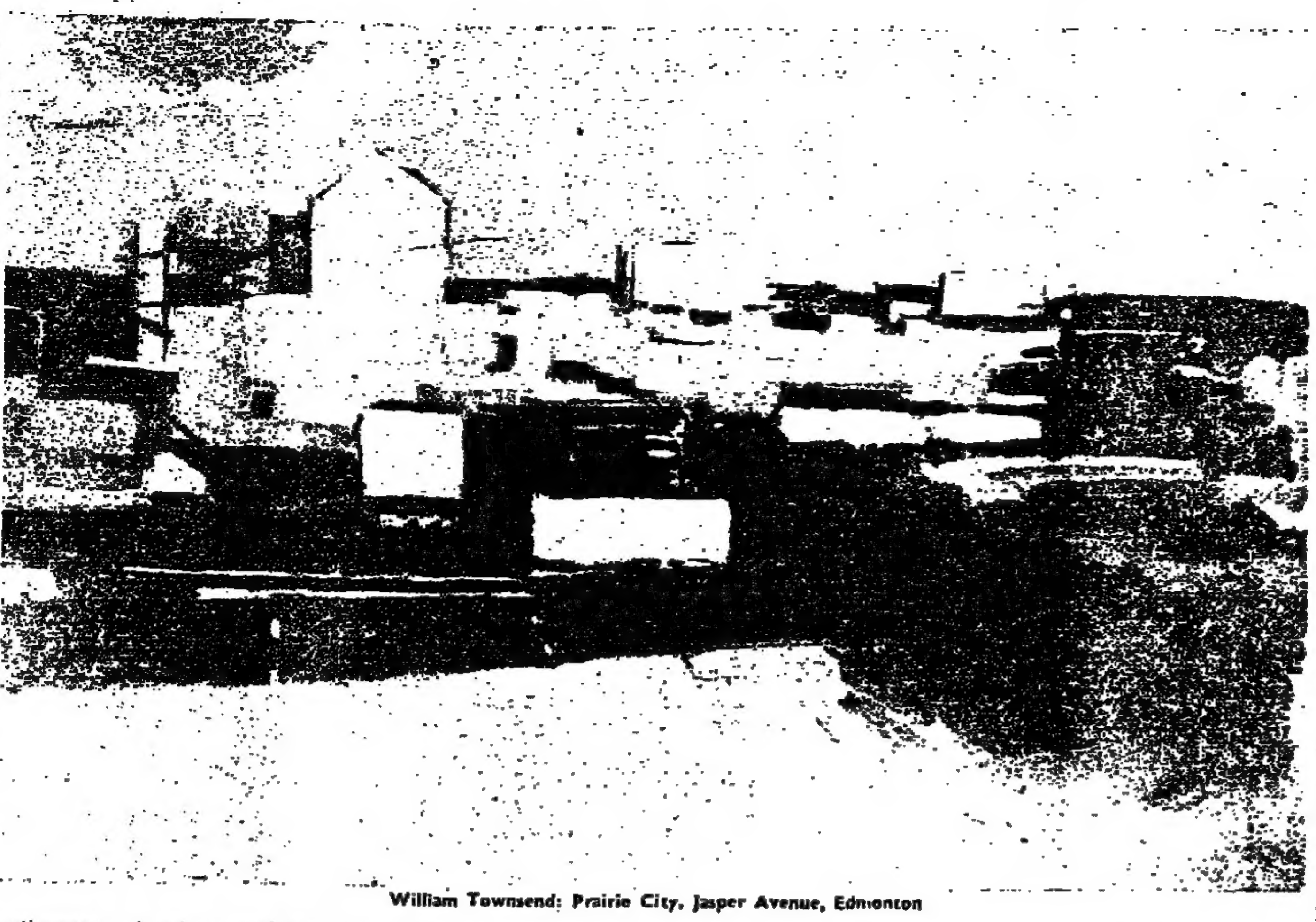
te Gallery

Four exhibitions

by WILLIAM PACKER



William Townsend: Prairie City, Jasper Avenue, Edmonton

he four special exhibitions at the Tate make an odd ection, in which no part sup- s a complement even to one ts fellows; yet such emphatic ularity makes the ex- ence, as we move directly d abruptly from the one to her, thoroughly enjoyable intriguing. There is no point rawing comparisons and dis- tions where none exists. ier should we take each ponent show in turn, critical aps in part while stimulated the arbitrariness of the le.

ae first show is the smallest, traight-forward art-historical cise in which a recent uisition, *The Destruction of Temple*, by the obscure antic painter, Samuel Col- is hung alongside three lar compositions attributed him, and borrowed for the sion.

here has been lately a iderable revival of interest he Romantic visionary pain- of the mid-19th-century, and cially in John Martin, se huge pictures of alypse, disaster and divine ibution enthralled our d-parents. He enjoyed uious success through the lum of engraving, only to be but *forgotten*: but he was remembered, if only as a . Colman was forgotten, and paintings often given to tin, the Tate's new canvas ed one of those to bear a inscription. Some doubt remains, but it would seem Colman's distinctive if or contribution to English ting is there to be recog- d, and his reputation reason- sure.

few steps take us from the f of the imagination to the on Road and the Slade ol. William Townsend, who three years ago, was an of a type we know very in England, a painter of ral if modest distinction. e influence was exerted not tly through the work, but r through long and dis- ished practice as a teacher, at Camberwell and then, for than 20 years, at the e. He showed his work only mittently, never gaining a reputation, apparently con- with the professional ect of his immediate circle iends.

s work is accomplished, un- ted, informed, ever sensible urrent discussion and de- oment. The influences are —the School of Paris be- the War, the Euston Road, neo-Romanticism of the '50s, then, in the 60s, echoes of ts as various as de Stael, a, and even David Hockney neying across the Alps. But originality was never the e with Townsend so much as authenticity of vision, simplicity and directness of expression, and seriousness of purpose. And in him we see both fully in- volved participant and erudite commentator upon his subject, painting, an ideal combination of roles for the teacher.

The teacher's predicament, however, is notoriously difficult to resolve. Generosity and com- mitment too soon exhaust the creative energy on which the personal work, and thus the expertise to be passed on, both depend. The necessary defen- sive selfishness of the artist gets at odds with the conscience of the man. Perhaps Townsend was too ready to help others, as Alan Bowness suggests in a note to the exhibition's hand-list, and not single-minded enough about his painting. But they also serve who only encourage the others, and he did rather more than that. It is no more than just that our Museum of British Art should pay him this modest tribute.

Next is a small retrospective exhibition of the work of Michael Moon, an artist who first became known some nine years ago for his Strip Paintings. The first Strip of all was a single horizontal band, measuring six inches by 12 feet, upon which was marked out by degrees the tonal transition from black to white, a simple idea, simply done. Thereafter he elaborated some- what, at first arranging his units in sets of six, later in sets of 18. Transitions through colour and tone were demonstrated, the colour fading and swelling along the bars and across the inter- vening gaps to those above or below.

Physically these paintings were extremely seductive, the colour almost edible, the surface glossily immaculate, admirable decoration; and they generated enough ideas to sustain Moon for several years. But Moon is not a natural and instinctive artist, as the show makes clear, and he needs ideas, of system, order and process, as pegs on which to hang his work. Having exhausted the Strips he was at some consider- able loss; and there was evidently a lengthy pause while he cast around for fresh inspiration. This came at last when he was moved to use his studio itself as material, taking impressions from the walls and furniture, casting images from them and present the results.

A great deal of energy has thus been expended, serious and well-intentioned effort; but there is also, unfortunately, a faint whiff of precocity and self- importance. The huge hangings seem heavy and over-blown, and their very physicality rather overwhelms their qualities, and ambitions, as paintings.

Finally, John Latham, whose show is the most extensive of the four, and the most prob- lematical. Latham has turned his hand to many things. He has produced abstract paintings of deceptive elegance and subtlety, gently authoritative, and his sculptures, reliefs and mixed- media exercises, are frequently convincing in themselves, self- justifying and autonomous. His appropriation of the book as legitimate sculptural material, was a radical and original act, and there are several excellent examples in the show, old and new, of his deployment of it simply as form in space. But Latham cannot leave it at that: he has always been moved by the desire to shock, and the book business was at least as much a conscious violation of a cultural taboo as it was formal inquiry. He wants to change the world, and his Art is his polemic: and so he has been conceptualist, minimalist, earth artist, junk man by turns, embracing any avant-garde orthodoxy that will help him further his argument and influence people, opening their eyes in particular to the iniquities of the dealer, artist and buyer connection: which is not to say that his own works are not extremely jealously pro- tected.

The trouble is that the message always interferes through being over-stated. His latest pre- occupation has been with a range of slag-heaps and waste-tips near Glasgow, suggesting to various Government Departments ways in which they might be utilised, and even celebrated as Art. Indeed, they are man-made, and dominate the landscape. The photographs of them taken by Latham and his assistants make the point most effectively: striking and beautiful images of extraordinary things. They were sure to stand up confidently for themselves; but Latham chooses to surround them with explica- tory matter, desperate apolo- getics, just to make certain that we really do understand. And what is inherently interesting is made tiresome.

The four exhibitions remain on show until July 25.

York Festival

Abbey and Minster

by MAX LOPPERT

Friday's Selby Abbey outing by the Grimethorpe Colliery Band under Elgar Howarth produced that novel, unstuffy, and excel- lently entertaining mixture of old, light and serious new, from Tudor arrangements through Gershwin to Henze, for which the band is becoming celebrated.

The specially commissioned new work was Anthony Payne's *Fire on Wholeness*, at once "a tone poem and a funeral ode" inspired by images of Beowulf's funeral pyre and processional, in a tableau of sea, smoke and stern heroic memories. Though the high romanticism of the programme may not endear itself to the more ponderous prudes among the new music public, the piece itself deserves and will no doubt receive wider approval: strong in outline and bracing in atmosphere, with a lean dark brilliance very much its own. Mr. Payne sets things brass bands do best in reverberant acoustics—sentinel calls echoing from the distance, sudden weighty unisons built of huge, acrid chords, large "block" shapes — in a slowly unfolding deep-pedalled structure reminis- cent of both medieval motets and the century northern symphonists, and yet original.

Saturday's big York Minster choral concert was, for a festival of such refreshing inventiveness in its programmes, an obvious choice—*The Dream of Gerontius*, with the York Festival Chorus and the London Symphony Orchestra conducted by Alex- ander Gibson. Yet, given the conductor's light, flexible, for- ward-moving direction, brisk but never unfeeling, much of the music sounded wonderfully tender, relieved of the over- burdening weight that can still deter equivocal Elgarians in massively shaped performances. Mr. Gibson understands how to make best use of the Minster acoustics, not sacrificing balance to its vagaries. Of course there were some oddities (from my seat choral and orchestral bases were mostly inaudible): but cellos and high violins conspired consistently well to demonstrate the floating delicacy of their parts.

Unfortunately, good intentions and their careful realisation were undone by the Gerontius, Richard Cassilly, whose lumbering gait from phrase to phrase was not aided by pinched middle-register tone, in music for which the opposite is crucial. There was obvious concern and feeling in what he did, and a brave ring at climaxes, but little finesse, at least until the calming and ennobling influence of Janet Baker's incomparable Angel had begun to hold sway. In this company, with Benjamin Luxon the commanding but slightly un- focused baritone soloist, the mezzo lines have never seemed more beneficent or balmy.

The Entertainment Guide is on Page 30

Wigmore Hall

Melos Ensemble

by PAUL GRIFFITHS

When musicians are obliged to mop their brows in breaks between movements, and when the auditorium is aflutter with fans (of one sort and another), conditions are clearly not at their best for an evening of chamber music, even one con- taining so likeable a piece as the "Trout" Quintet. The miracle was that the Melos Ensemble were able to conclude their con- cert, and close the Wigmore Hall's 75th anniversary series, with a winning, beautifully main- tained account of Schubert's charmer. Perhaps in less arduous circumstances they would have found room for sweeter string tone, or for a more glorious handling of the tunes, but this was a perform- ance of impressive ensemble musicality, one where the players moved excitingly together and amiably around one another.

The Melos wind had already shown this group feeling in a different way, in a tidy treat- ment of the many little com- ments and rejoinders of Mozart's Quintet, K.542. When required to blend they produced a cool, distinguished sound, far removed, and rightly so, from the outdoor world of the serenades. The pianist in both the Mozart and the Schubert, Howard Shelley, was also some- what aloof in the earlier work, so that his clean, sprightly manner edged towards brittle- ness.

In the middle of the concert came a less usual item, Proko- fiev's Quintet in G minor for oboe, clarinet, violin, viola and double bass. The odd instrumen- tation seems to have come about because the music originated in a ballet score, *Trapeze*, written for a touring company who could only take with them a small mixed ensemble. But Prokofiev's imagination was, of course, stimulated rather than limited by the peculiarities of his forces, and he used the mixture of reeds and strings to make spiky, acerbic music. There is also a mean competitiveness in the dis- position: at the very end, oboe and clarinet are left in the air as the strings steal the final gesture.

Apart from such personal dramatic touches there is a per- vasive drift of influences from *Pierrot lunaire*, making this one of Prokofiev's most harmonic- ally exploratory works, and one of his most inventive in terms of instrumental usage. Schoen- berg surely had as much a part in this Quintet as had the com- posers who were Prokofiev's col- leagues in the Paris of 1924, Stravinsky and Les Six. Yet the piece is pure Prokofiev in its mechanical rhythmic drive and its frenetic irony. The Melos presented it in all its uneasy energy.

Music Now

Music Now, helped by finan- cial assistance from the Arts Council, has been presenting a series of concerts and recitals at the Notre Dame Hall, Leicester Place, Leicester Square. The final one, this evening features saxist Trevor Watts who will present a new work—an Arts Council commission—which will include classical music and rock instruments. The concert starts at 8 p.m.

Schools bicentennial gala

The Schools Music Association and the Music Educators National Conference of the U.S. are mounting an international music festival — the Anglo- American Music Festival in the Royal Albert Hall on Friday, July 2 at 7.30 p.m. to celebrate the Bicentenary of the U.S.

Taking part will be over 500 singers and 300 instrumentalists from London and Home Counties and the U.S.

k Festival

A musical weekend

by PAUL GRIFFITHS

w places in England can a pleasanter weekend than in festival time. Music and art exhibitions and poetry are all to be found in utiful halls, churches and of the city, while in the you may come upon a band, a busking duo of accordion, or a group of ng players. During my days at the festival the programme was typically and diverse, with anything five simultaneous events stral concerts in the ter, opera at the Theatre , and everywhere chamber s, old, new and classical

n Hacker, the festival's ured artist," brought his x ensemble to play a recent written for them by beth Lutyens, one, with Thomson, of the com- s specially favoured at this year. Lutyens, whose birthday falls next month, as a composer of vigorous her music is lean and and she can adopt a reminiscent mode without any self-pitying nostalgia. That much is clear in her Matrix work, *The Vision of Youth*. Setting extracts from Conrad's story Youth, in which an ancient seaman remembers his early days and his first experience of the East, the piece allows Jane Manning some strands of dreamy hum- ming, but generally the mood is stronger, more dramatic and even ecstatic. This is no languid reverie but a sequence of sharp recollected images, guided and projected by the urgent beauty of the writing for three clarinets, piano and percussion.

Also in Matrix's programme was the best of their commis- sions, Birtwistle's *Nenia: The Death of Orpheus*. The two new pieces would have made an exact- ing evening for any ordinary singer, but Miss Manning was able to give as well a lovely account of Mozart's late, quasi- Masonic *Kleine deutsche Cantate*, and to conclude with Janacek's *Rikadla*. For more Lutyens one had to wait three days for the première of a new stage work, *One and the Same*, composed in 1974. Once again Miss Manning was on the platform, this time after a precise and spirited per- formance of *Pierrot lunaire*, and she was joined by the actress Freda Dowie, three dancers from the Alexander Roy London Ballet Theatre, and an instrumental group, of the *Pierrot* quintet plus two percussionists, provided by the Vesuvius Ensemble.

The two female vocalists, singer and speaker, stand for the same woman: one starts from youth and becomes older, the other is the aged self becoming younger. Halfway through the processes reverse themselves, and there is a final recognition of identity involving the singer, the speaker and the two dancers who have acted out the vocalists' parts. This multiple singleness is not easy to follow at a first experience of the work, though it is brilliantly presented in Lutyens' punning, allusive libretto style, remembered from her opera *Time Off?* The danc- ing, at least in this production by Roy, does little to clarify: there is much purposeless pacing and obscure gesticulation, as well as a central dance episode when a man joins in. More arresting is the introduction — or perhaps "introit" would be a better word for the start of so ritual a drama. Here, as I understand it, textless song (a superb un- accompanied vocalise for Miss Manning), words and movement are in turn dismissed as in- sufficient of themselves to ex- pound the play that is to follow.

The substance of that play, "that our youth contains our potential age as our age con- tains our youth," is simple enough. Future performances of this half-hour piece will surely elucidate how Lutyens' verbal wit has embroidered this theme: the sparkle, severity and aptness of the music are already obvious. This account was thoroughly prepared, persuasive and ably conducted by Anthony Halstead. It ought to be given before wider audiences than could be accommodated on a single night in the Lyons Concert Hall.

Virgil Thomson, by a decade Lutyens' senior, was repre- sented in one of the Saturday morning string quartet concerts which take place in the splen- didly sonorous Guildhall. His Second Quartet was to have appeared later in the series, but this time the work was the *Stabat mater* for soprano (Jane Manning again) and quartet, which the Delmé sandwiched between Haydn's last quartet and Beethoven's op. 74. Thom- son's text is not the familiar one of Jacopone da Todi but a brief and simple prose poem on the same subject by Max Jacob. Written in 1931, three years after the Gertrude Stein opera *Four Saints in Three Acts*, the piece comes from a period when Thomson was making his music straightforward to the point of blandness. One may just possibly think of Satie, but Satie never had this American homeliness, this pure warmth. The *Stabat mater* is a touching essay, and here it was touchingly done.

Thomson is probably better known as a writer on music (he was for several years music critic of the *New York Herald Tribune* and his several books include the standard monograph on himself), and the same may be said of Wilfrid Mellers, though he would regard himself as primarily a composer. A new piece by him was introduced in the Scottish Baroque Ensemble concert at Selby Abbey, a strange affair which began with Poulenc's Organ Concerto and ended with Vivaldi's *Seasons*. The Poulenc was utterly mangled by the hope- less balance between a cathedral- size organ and a group of a dozen weak strings, but things went a trifle better in the Mellers, an elegy for Egon Wellesz. *Threnody*, as it is called, is scored for two string groups, one of five violins, the other a mixed sextet. Antiphonal effects predicted in the composer's note were hard to be sure of, since the groups were not well sepa- rated. Nevertheless, the music's calm lyrical charm was ingratiat- ing. Mellers suggested a near- ness to Mahler, but I was reminded more of Ives when a long wistful solo violin line was joined by an assortment of un- emphatic secondary threads pro- ceeding in seeming ignorance of it and each other. This piece alone made the afternoon at Selby an enjoyable one, but it was sad to see the interior of this great Norman church dis- figured by scaffolding, and sadder to observe innocent visitors turned away for much of the day.

Mellers' influence was to be felt at other festival events, for as professor of music at York University he has established a department abounding in creative potential. I was able to attend two student concerts, one given by the university new music group Anemone and the other of electronic music. Anemone gave a lopsided account of Debussy's Sonata for flute, viola and harp, and an enthusiastic première of *Rosaces I* for violin and large encircling ensemble by Jonty Harrison (born in 1952), who may yet write music of worth. Much more exciting was the first part of the programme, with Debussy's *Syrinx* bewitchingly played from the distance by Elisabeth Parry and then the first performance of Vic Hoyland's *Ariel 1 and 2*. The conjunction was appropriate, since *Syrinx* is quoted in the solo flute part towards the end of *Ariel 1*.

On the evidence of these *Ariel* pieces and a published music- theatre work, Hoyland is an intelligent and subtle musician, if not yet a greatly original one. His *Ariel* works have the shimmering light and evocative power of Boulez at his most post-Debussyan, as the instru- mentation alone might indicate. *Ariel 1* is scored for female singer, female speaker, three flutes, two harps, electric organ and several percussionists play- ing mainly on vibraphone, marimba and such like; *Ariel 2* is for percussion alone with organ drone. The pieces may be played separately or interleaved as they were here, so spacing the gathering tension of *Ariel 1* with pianissimo interludes. By the time it closes with a hurried, hushed recitation of Sylvia Plath's poem, the work has strangely and elliptically conjured the spirit of Prospero's island and his magic messenger, as Hoyland intended.

There was no such marvellous discovery in the first of three electronic programmes presented jointly by the York University studio and the Groupe de Recherches Musicales of French radio. Berio's *Chants parallèles*, already broadcast here, is not one of his best works, and the new York piece, Tom Endrich's *The Burial of the Moon*, was a piece of silly science-fiction music-theatre, pretentious and presumptuous in its attempt to deal with the mind of a man in prolonged space travel. The only interesting work was a very good one indeed, Denis Smalley's *Slopes*. In February I found it "too crude," but this second hearing has convinced me that its bold ideas are finely pro- portioned, often intriguingly detailed and cogently assembled.

Finally opera. For their week at the Theatre Royal, Scottish Opera brought Thomas Wilson's *Confessions of a Justified Sinner* (reviewed recently by Ronald Crichton), *A Midsummer Night's Dream* and *Ariadne auf Naxos*, the last in a splendid produc- tion by David Pountney which was first seen in Glasgow last November. The staging has its vulgar touches, but these are not exactly inappropriate to Strauss's music. More question- able, and puzzling, is the updat- ing of the prologue to the time of its composition, especially when the music and the libretto, in the English version of Tom Hammond, are suggesting the conventions of a previous age. The cast was dominated by Anne Howells as the Composer, dis- playing candour, impetuosity and a frustrated will; Sandra Dugdale was an occasionally un- steady Zerbinetta, and Linda Esther Gray, as Ariadne, was misguided in inviting us to think of Dame Janet Baker. Norman Del Mar conducted with gusto, and the same high charge and spirit was exhibited in the antics of the Harlequinade quartet, four genial clowns for a summer festival.

Leonard Burt

ma Craven, Maggie Fitzgibbon and Timothy Dalton in "Black Comedy," which opened last night at the Shaw Theatre.

UK

by Tom Houston and Professor J.H.Dunning

An Economists Advisory Group Study

Industry Abroad

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LOMBARD

Ultimate export —the people

BY C. GORDON TETHER

"DEPRESSED areas ought to be allowed to die and their populations moved to those with natural prospects of economic growth," said Lord Shawcross in a recent address to the Wider Share Ownership Council—of which he is the chairman. He was thereby expounding the ultimate answer of the capitalist system to the problem posed by the inevitable tendency for the onward march of economic integration to make life more and more difficult for regions that, for geographic or other reasons, are unable to meet competition from the more favourably placed ones—export the people.

That the problem is just as much with us as ever—is, indeed, being exacerbated by the attention now being devoted to promoting continent-wide integration—is pointed up in no uncertain manner by the first report of the Regional Development Fund set up by the European Community in March of last year.

An examination of the behaviour of economic disparities covering the first half of the 1970s shows that in the countries facing the greatest economic and regional difficulties—Britain, Ireland, and Italy—the average gross domestic product per head of population showed an even greater shortfall against the EEC average in this period than it had done previously. "Comparisons between regions told a still more impressive story." At the beginning of the period, the living standards of the inhabitants of Hamburg were some five times higher—measured in economic terms—than those of people residing in Western Ireland and Southern Italy. Five years later, the figure had moved up to six.

The EEC Fund itself sees the solution in terms of getting member countries both to devote more money to the work of helping out the regionally deprived and making bigger efforts to ensure that it goes to those in greatest need. This is hardly surprising seeing that it was to help promote these objectives that it was brought into being. But when one sets the immensity of the sum that would be needed to do more than scratch the surface of the problem against the niggardly sums the EEC countries are prepared to devote to it, one might very well argue that the Fund is engaged in fighting a losing battle.

Must we conclude, therefore, that Lord Shawcross and those who think like him are right—that, callous though it may seem, we should stand prepared to carry out mass transfers of population within Europe as the only realistic way of appeasing the god of economic integration? In our own case, we have over the years carried out the effective de-population of large *areas of Ireland, Wales and* Scotland in the interests of promoting economic integration within Britain itself. Must we now be prepared to de-populate much of the rest of the country in order to make European integration work?

It seems to me that it is when one reaches this point — when it becomes apparent that the ultimate consequence of the pursuit of a particular policy will be to start phasing out the country's very existence — that one has to ask whether the order of priorities is right.

It can no doubt be demonstrated that the inhabitants of these islands could count on raising their living standards faster in material terms if they were prepared to crowd themselves into that small segment of Britain that falls within the Common Market's so-called Golden Triangle or take up residence within that zone on the other side of the Channel. Yet that is surely not the end of the matter.

Most at home

Does a people not have to ask itself whether it wants the shaping of its entire life style to be determined by such materialistic consideration? Is it more important to the British people, for instance, to run a 2000 cc car instead of a 1500 one or to be able to go on living in the region or country they are familiar with and feel most at home in?

There is endless talk nowadays about the way in which the quality of life is being eroded by the stresses generated by the pace of modern living. Does it make sense to run the risk of giving additional impetus to this unhappy trend by putting whole populations under pressure to uproot themselves and move—lock, stock and barrel—to foreign climes as the price of economic *survival*? For when all is said and done, quantitative increases in the standard of living are of little use if the quality of life is to be seriously compromised to win them.

The implication, surely, is that economic integration is a good thing of which the world can easily have too much. And, in the last resort, it will not necessarily even serve the interests of the capitalist system in the way that exponents of that system appear to believe. For the unwillingness of the deprived regions to make the sacrifices demanded is apt to have the effect of upsetting the entire apple-cart by generating more or less irresistible pressure from them for self-government.

RACING — BY DOMINIC WIGAN

Mandalus has less to do

THE ONCE-RACED *Mandalus*, who would have landed the valuable Woodcote Stakes at Epsom on Derby Day had anyone except Piggott been aboard the winner, *Mr. Nice Guy*, reappears in to-day's Nottinghamshire Maiden Stakes. I cannot see the Sir Mark Prescott trained juvenile *failing*.

Always in contention for the lead at Epsom, the good-looking Mandalus, a brown colt by Mandamus out of that extremely fast Abernant mare, Laminate, looked all set to win when leading inside the final furlong. Piggott, however, had not given up on the favourite, and, riding a finish identical to the one he had ridden on *Roberto in the* Derby four years earlier, he forced his mount's head up on the line.

With the benefit of that Epsom run behind him and Bruce Hobbs' Now Hear This a surprising absentee, Mandalus looks all set to gain a well-deserved first success. If there is a danger among the Newmarket colt's rivals *it is probably* the Neil Adam-trained Sealed Brief, a respectable third of 14 behind Platte Princess at Kempton towards the end of last month.

Although probable favourite True Prince has obvious claims to consideration in the Hemlock Stone Maiden Stakes, his fourth last time out behind Little Tern at Brighton disappointed me, and I side with *Air Trooper*, who showed his best form since last autumn when chasing home Friendly Sound and Indian Warrior at Epsom on his most recent appearance.

At Folkestone, where John Dunlop's Castle stables representative, *Peter the Great*, is given a narrow vote over London Rose in the Dover Handicap, the Queen's American-bred colt, *Benevolence*, should get backers off to a good start in the Walmer Handicap.

This half-brother by Mill Reef's sire, Never Bend, to Example who won several important group races for the Queen in 1971 and 1972, showed improved form last time out when running Tutorial and Fly High to a head and a neck in a mile and one furlong event at Lingfield.

With an additional furlong in his favour here and some poor opponents, best of whom is probably the Michael Stoute *trained Rorkorama, Ian Balding's* representative should have few problems.

A second possible winner for the Queen, Ian Balding and Joe Mercer is the lightly-raced Springboard, among the runners for the Barham three-year-old Stakes. I am siding instead, however, with *Keelhaul*, a progressive Tyrant filly trained by Barry Hills at Lambourne for Mr. Robert Sangster.

NOTTINGHAM

2.00—Air Trooper*
2.30—Miss Prude
3.00—Shore Captain
3.30—Mandalus**
4.00—Tight Rope
4.30—Gold Rupee

FOLKESTONE

1.25—Benevolence***
2.55—Peter the Great
3.25—Charter Belle
4.25—Keelhaul

SALEROOM — BY ANTONY THORNCROFT

Porcelain the Germans missed

THE London salerooms began their busiest week of the year with an important Impressionist sale at Sotheby's late last night—to convenience the Americans bidding by telephone—and an exciting series of day-time auctions, notably at Christie's, which disposed of a choice collection of Meissen porcelain, sent for sale by La Baronne Alix de Rothschild, former wife of Baron Guy de Rothschild.

The collection only narrowly escaped destruction during the Second World War when German soldiers threw the crated items out of an attic window of the captured Rothschild house in Normandy when they were found not to contain wine. But they all survived and were sold yesterday for £136,040, underlining the fact that "fresh" private collections do better than "tired" trade items.

There was strong German bidding but the prize lot, a large "Grunes Watteau," dinner service produced in the early 1640s for the Saxon court, and decorated with scenes from Watteau and Lancret, was bought by a London dealer, Adams, for £19,000 (plus the 10 per cent. buyers' premium).

One of the other star pieces, a rare Chinoiserie tureen, was bought in at £7,200, but this apart things went well. A very early tankard of 1694, with an Augsburg gilt cover and Kakiemon design, went for £6,000, to Boss and Gopfert, German dealers, and a pair of Chinoiserie bottles, painted by Herold, but with contemporary mounts, beat their forecast at £4,800, to Winifred Williams. A general sale of German porcelain was held earlier and totalled £105,735.

Sotheby's has been selling off the collection of books and manuscripts, originally gathered together in the 19th-century by Sir Thomas Phillipps, for around 70 years now and there was another auction yesterday, the 26th in the new series which started in 1965. It proved one of the more interesting.

Eager embassies

We have now reached the Spanish section and Latin American embassies were among the bidders, anxious to buy back their national heritage. The Spanish Embassy was particularly active, acquiring 73 lots for £16,109. The top price was the £4,400 for 65 despatches received from Madrid by Gondomar, the influential Spanish Ambassador in London in 1621.

Other successful buyers were the Colombian Ambassador, obtaining some church papers produced in Bogota in 1625 for £320 and the Nicaraguan chargé d'affaires, securing letters relating to early 19th-century Latin America, for £90. When this series of sales ends on Wednesday the total sum from the Phillipps collection, which since 1965 has been the property of the Trustees of the Robinson Trust, will be almost £3m.

Over at Phillips there was a good auction of Old Masters, which produced £136,820. A painting of a peasant wedding by Pieter Brueghel the Younger almost doubled its estimate at £19,500 to Waterman, a Dutch buyer, and Jacobson gave £12,500, three times the forecast, for a still life of flowers by Cornelis de Heem. A remarkable price was the £3,300 from Brod for a fishing fleet scene, 6 inches by 8 inches, attributed to J. Porcellis and estimated at £800.

Sotheby's ended its series of seven sales in Monte Carlo with a week-end auction of designs for the ballet, opera, and theatre which brought in £118,845. Demand was mixed, with a bought in percentage of more than a fifth, but a costume design by Leon Bakst for "Roxane" dated 1911, was bought by the Kunstbibliothek of Berlin for £9,690.

All told the auctions brought in £2,086,113, with just over 20 per cent. unsold. A particularly good sale consisted of gold boxes, which made £206,226. A Dutch collector was particularly active, paying a top price of £26,190 for a German 18th-century gold and mother of pearl box.

TENNIS: WIMBLEDON — BY JOHN BARRETT

Sue Barker misses great British double

BRITAIN CAME agonisingly close yesterday to putting two women into the semi-finals at Wimbledon for the first time in 15 years. Virginia Wade duly fulfilled her No. 3 ranking by defeating the Australian Kerry Reid 6—4 6—2 in 67 minutes, but Sue Barker threw away a 4—1 lead in the final set of her match with the No. 4 seed Martina Navratilova. The Czech *girl* eventually won 6—3 3—6 7—5 in a 90-minute match played on a day of brassy sun and steam heat which drained both girls.

Miss Navratilova, who will play a long time before she has a closer call in a major championship, now meets the seemingly indestructible Chris Evert, who needed only 46 minutes to dismiss the Russian Olga Morozova 6—3, 6—0. Miss Wade faces an equally difficult semi-final against another Australian opponent, Evonne Cawley, who was also a straight sets winner, by 7—5, 6—3 against Rosemary Casals (U.S.).

Miss Wade made a typically uncertain start against Mrs. Reid, seeded eighth, after six games *she stood* at 3—3 but could so easily have been one set up by then, having tossed away five break points on the Australian's first three service games while dropping only three points on her own first three games.

Mrs. Reid's luck could not last. She double-faulted twice in the seventh game and the British girl broke through at her second chance with a fine running cross-court forehand. Serving at 5—4 Miss Wade missed one set point when a loose return was punished by a Reid smash, but a back-hand volley eventually brought her the first set after 36 minutes.

The rest was formality, lasting less than half-an-hour. Miss Wade immediately broke through and, for the loss of only six points, led 4—0 before Mrs. Reid could mount any sort of counter-attack. Though she won a couple of services the Australian hit the most significant shot of the match in the seventh game, a weak forehand into the net from an easy mid-court position. It was the *stroke of a weary* player.

Serving at 5—2 Miss Wade put the Centre Court crowd on the rack by taking five match-points to clinch victory. She lost the first two when Mrs. Reid passed her, first on the forehand and then on the other wing. Another forehand to Miss Wade's feet as she rushed the net postponed the inevitable, and she managed to save a fourth match-point with a forehand which clipped the line before she eventually netted.

Miss Barker, No. 7 seed, was facing a higher-ranked opponent who is still only 19, and once again her nerves showed on the big occasion.

After dropping the first two games she fought level and had two points to go ahead in the seventh game. In fact the Czech girl broke service in the next game, when Miss Barker had hit one shot out of court as her opponent lay helpless on the ground. With her forehand volley now working crisply Miss Navratilova swept through the first set in 27 minutes.

With the crowd on Court One willing her to fight back, Miss Barker did not disappoint them. She moved into a 3—0 lead with one service break, but what a contentious break it was! With one chance to break through Miss Barker volleyed out and then when a Navratilova smash, set chalk spurting from the baseline, the ball was called out. When she subsequently lost the game the Czech threw away her racket in disgust.

Miss Barker held on safely enough for the second set, dropping only three points on her next three service games and she moved into the third set in similar mood.

She broke to go ahead with a drop shot (this was working particularly well for her at this stage of the match) and a fantastic back-hand pass. After a couple of strength-sapping rallies she had nosed ahead 3— and, to the delight of the packed crowd, she promptly made it 4—1 by breaking the Czech again after an agonising game in which Miss Navratilova again suffered when an ace was first called by a linesman, who quickly changed his mind.

It did not appear too important when Miss Barker then dropped her own service and soon found her lead cut to 4—3. She held on for the loss of one point to make it 5—3, did not seem at all perturbed as Miss Navratilova served out to love, and then prepared to serve for the match at 5—4.

Palpably nervous, she lost to love, showing poor judgment in her anxiety when she smashed at a simple high ball and smashed it out to go love-40 down. The experienced Miss Navratilova, aware that the British girl was on the run, summoned her last reserves of energy, held her serve to move ahead for the first time in the set, and then broke through the shattered remnants of Miss Barker's defences to win a match she must have thought beyond her reach.

YACHTING — BY STUART ALEXANDER

Light winds give FT good sail

LIGHT WINDS of force two to three were yesterday helping the trimaran FT skippered by Financial Times news editor David Palmer in the Observer Single-handed Transatlantic Race.

At 1400 GMT yesterday his position was 41 degrees 09 minutes north 59 degrees 53 minutes west.

The outlook is for continuing moderate breezes, conditions which are ideal for this light-weight boat.

At the finish in Newport, Rhode Island, the fog has lifted, but low cloud is preventing any reconnaissance flights to find other contestants.

At midday yesterday the Frenchman Alain Colas radioed from his 236-foot four-masted schooner Club Mediterranee that he had 150 miles to go and was continuing to make slow progress in very little wind.

TV/Radio

† Indicates programme in black and white.

BBC 1

1.05 p.m. Dechrau Canu Dechrau Canmol. *1.30 Ring a Ding.* 1.40 Teddy Edward. 1.45 News. 1.55 Wimbledon Lawn Tennis Championships. 4.22 Regional News (except London). 4.25 Play School. 4.50 Animal Magic. 5.15 Lippy Lion. 5.40 Barbapapa.
5.45 News.
6.00 Nationwide.
6.15 Wimbledon Lawn Tennis.
6.45 Sportstown.
7.20 The Undersea World of Jacques Cousteau.
8.10 Angels.
9.00 News.
9.25 The Good Life.
9.55 *The Battle of the Somme.*
11.05 To-night.
11.40 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—6.00-6.15 p.m. Wales To-day. 7.20-7.40 Heddiw. 7.40-8.10 Give a Little Whistle. 11.40 News and Weather for Wales.

Scotland—10.00-11.00 a.m. In Search of Strange Animals with David Attenborough. 6.00-6.15 p.m. Reporting Scotland. 11.40 News Summary and Weather for Scotland.

Northern Ireland—4.23-4.25 p.m. Northern Ireland News. 6.00-6.15 Scene Around Six. 11.40 News Headlines and Weather for Northern Ireland.

England—6.00-6.15 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth).

BBC 2

11.00 a.m. Play School.
2.00 p.m. Wimbledon Lawn Tennis.
7.30 News on 2.
7.40 Rembrandt.
8.10 [illegible]
9.00 Destination America.
10.00 News.
†10.30 Command Performance.
11.30 Oscar Peterson Presents... Count Basie.
12.00 Special Branch.

All ITV Regions as London except at the following times:—

ANGLIA

10.30 a.m. Halas and Batchelor Cartoon. 10.40 Here Comes the Future. 11.05 Play With a Purpose. 11.30 Another Chance. 1.25 p.m. Anglia News. 2.00 Houseparty. 3.30 Bones. 6.00 About Anglia. 11.30 Angling To-day. 12.00 Anthology.

ATV MIDLANDS

10.30 a.m. David Hand Cartoon. †10.36 Film Fun "Alf's Button Afloat." 1.20 p.m. ATV News Desk. 3.25 Stranger Report. 5.20 Spiderman. 6.00 ATV Today. 11.30 Angling Today.

BORDER

11.05 a.m. Play With a Purpose. 11.30 The [illegible] 1.20 p.m. Border News. 2.00 Houseparty. 3.25 The Baron. 5.20 The Lone Ranger. 6.00 Border News and Lookaround. 11.30 [illegible] 12.00 Border [illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.25-4.50 Fy Ny Fan'na. 6.01-6.15 Y Dydd. 10.30 Y Gwrthwynebwr. 11.20 O'r Wasg. 11.35 World in Action.

HTV West—As HTV General Service except 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

11.05 a.m. Play With a Purpose. 11.30 Another Chance. 1.25 p.m. Road and Weather Report. 2.00 Houseparty. 3.30 Department S. 4.25 Follow That Dog. 5.20 Popeye and his Friends. 5.25 Crossroads. 6.00 Scotland Today. 6.30 Whicker Round. 11.30 Late Call. 11.35 The Odd Couple.

SOUTHERN

10.30 a.m. The Questers. 10.40 Untamed World. 11.05 Play with a Purpose. 11.30 Another Chance. 1.20 p.m. Southern News. 2.00 Houseparty. 3.30 [illegible] 4.25 Follow that Dog. 5.20 [illegible] 5.25 Crossroads. 6.00 Day by Day. 6.30 Tell Me Another. 11.30 Southern News Extra. 11.40 [illegible] 11.45 Farm Progress.

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

LONDON

9.30 a.m. [illegible] †10.10 "Never Too Late," starring Connie Stevens. 11.50 Larry the Lamb. 12.00 Paperplay. 12.10 p.m. Pipkins. 12.30 Home and School. 1.00 First Report. 1.20 [illegible] 1.30 Lunchtime Today. [illegible] Market Report. [illegible] Afternoon. 2.30 Happy [illegible] Happy. 3.25 The Big Valley. 4.25 [illegible] Swiss Family Robinson. [illegible]
5.30 [illegible]
6.00 Today.
6.35 Crossroads.
7.00 [illegible]
7.30 [illegible]
8.00 [illegible]

RADIO 1

[illegible]

RADIO 2

[illegible]

RADIO 3

[illegible]

RADIO 4

[illegible]

BBC Radio London

[illegible]

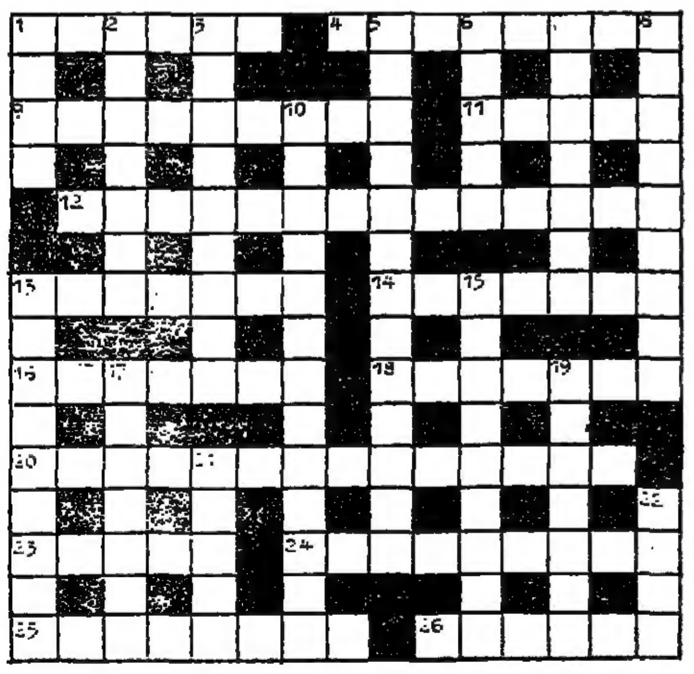
London Broadcasting

[illegible]

Capital Radio

[illegible]

F.T. CROSSWORD PUZZLE No. 3,117



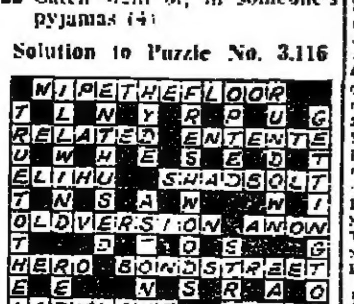
ACROSS

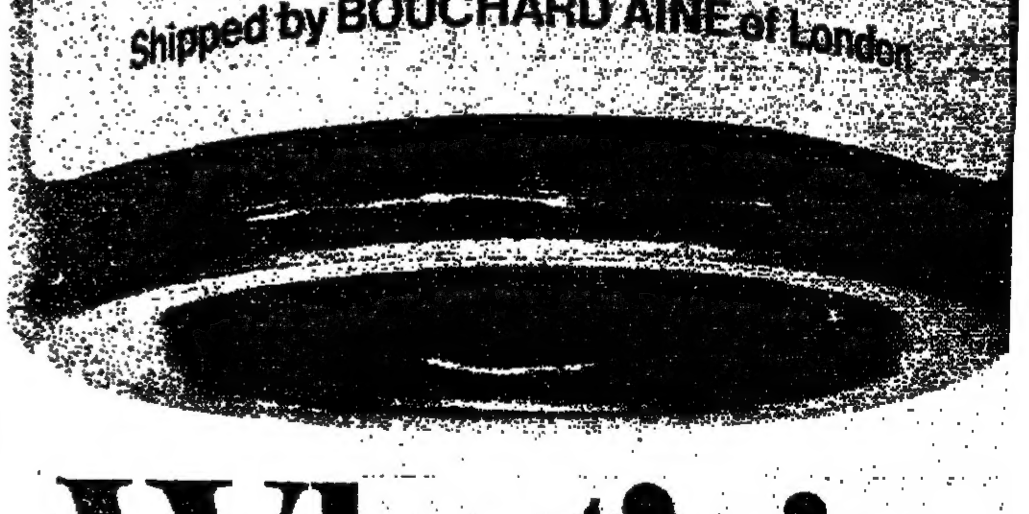
1 Face Sergeant Major inside? It's depressing! (6)
4 Putting to life proof when speaking (8)
9 Meticulous going to river for criticism (9)
11 Score in card game creating animosity (5)
12 Relying upon each other to bury relative (14)
13 Go to bed, that is right, but brief (7)
14 Frequenter using mannerism before upper-class quarter (7)
16 Part of book for members of religious order (7)
18 Scoundrel is obliged to hesitate (7)
20 Those who have suffered damage to reputation hurt political groups (7, 7)
23 Publish question and answer (5)
24 Breeds notice in clothing (9)
25 Gamester upset—having to put money into this? (3-5)
26 So far three appear in a lost state (6)

DOWN

1 A good-cooker—of course? (4)
2 Unwelcome conditions attached for players (7)
3 Old metallurgist claims the mixture (9)
5 Brush with the directors to win everything (5, 3, 5)
6 A southern swan is timorous (5)
7 In search for official inquiry (7)
8 Group of stars it's excellent to afford (5, 4)
10 Student short of proportion (13)
13 Refusing although sinking (9)
15 Outspoken to the point but being dull (9)
17 Settles but only just in unusually sad surroundings (7)
19 Furniture for actor's assistant (7)
21 Bird to pass the end of a rope through (5)
22 Catch sight of, in someone's pyjamas (4)

Solution to Puzzle No. 3,116





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هكذا من الأصل

WORLD TRADE NEWS

U.K. invisible earnings forecast to increase 14% this year

BY JAMES McDONALD

NET OVERSEAS earnings of the major service industries should grow by 14 per cent. in 1976, compared with 1975, according to estimates by the Committee on Invisible Exports in its fifth annual survey into the prospects for invisible earnings.

This growth in the net surplus—gross invisible earnings minus gross invisible payments—is expected to result partly from an overall increase in the volume of business, reflecting the general upturn in world trade, partly from price rises, and partly from the effect of the fall in value of sterling.

The export group for the constructional industries predicts the sharpest rise in invisible earnings, mainly on account of increased business in the Middle East. But higher prices and a general increase in the volume of business — partly through movement in the exchange rate — will also contribute to the increase in earnings.

The insurance industry generally is anticipating a marked growth in earnings. The clearing banks and the overseas banks also expect their earnings to grow significantly, after six months of experience of 1976 trading, and to increase their industry's share of the world market.

Once again, spurred by the fall in the value of sterling tourism is expected to grow considerably this year. The forecast is that the number of incoming tourists will rise by up to 10 per cent. this year and this, coupled with an increase in U.K. domestic prices and greater incentives to visitors to spend because of the decline in sterling's value, will increase earnings.

Sterling's fall in value should also account for some of the rise in earnings in the shipping industry, but small increases in both volume and freight rates are also expected. International seaborne trade is forecast to rise by between 5 and 10 per cent. over 1975.

An anticipated decline in the volume of world share trading and the effect on the London market of the 25 per cent. surrender of the dollar premium on the sale of overseas securities, are expected to lead to a small fall in the overseas earnings of the Stock Exchange.

Constraints on earnings identified by the survey include, in addition to political uncertainties in certain parts of the world, some expectations that a decline in overseas confidence in the U.K. could lead to business being placed elsewhere, says the Committee's report. "The relatively high rate of inflation in the U.K. is still considered by many respondents (participating groups in the survey) to make them less competitive, and high tax rates are regarded as a disincentive to the expansion of business.

The Middle East and North Africa stand out, as last year, as the major growth areas in 1976.

Net private invisibles, with which the earnings of those participating in this survey can most closely be identified, in recent years have grown as follows:—

1973—£2.49bn.
1974—£2.39bn.
1975—£3.04bn.

In the first quarter of 1976, the net surplus in the U.K.'s private invisible earnings was £870m.—an increase of 19.5m. on the first quarter of 1975.

The 15 participating groups in the survey account for about half of the U.K.'s invisible exports.

World Car Markets

British exports growth slips as importers increase share

BY LORNE BARLING

IMPORTS OF foreign cars in May increased to a level of 62 per cent. above the same month last year, although the motor industry's overall balance of trade for the first five months of the year remained favourable.

According to figures from the Society of British Motor Manufacturers and Traders, imports of cars reached a value of £71.7m. in May, compared to £44.2m. in May last year. In the first five months the level of imports rose by 50 per cent.

Total motor exports in May rose by 3 per cent. by value to £261.5m., but imports continued to surge, reaching a new record of £135.3m.

In May the commercial vehicle export trade also fell back, showing a rise of only 2.5 per cent. at £44.1m. Commercial vehicle imports were up 14.4 per cent. at £10.3m.

The society pointed out that Britain's surplus on overseas trade in motor products, at £126.2m., was 21 per cent. below that of May last year.

Mr. Hugh Cownie, economic advisor to the society, said yesterday that the comparatively poor May performance was a natural adjustment following the above-average exports performance during the earlier months of the year.

In January, the SMMT forecast a rise in the country's export surplus of 26 per cent. for the full year to £1.9bn. At the end of May the industry was slightly ahead of this target.

For the year, the society also forecast a rise of 24 per cent. in total motor exports. At the end of the five-month period, the industry was ahead of this forecast with exports up by 28 per cent.

Over the five months to the end of May, motor exports exceeded imports by £741m., an improvement in value of 26.5 per cent. Exports reached a record of £1.3bn., while imports amounted to £555m.

Higher Japanese sales

TOKYO, June 28.

JAPANESE vehicle exports rose to 325,945 units in May from 308,569 in April and 291,182 in May 1975, the Japan Automobile Manufacturers Association announced.

This was the second largest monthly export figure on record topped only by 331,690 units in March. The May total comprised 229,388 cars, 94,609 trucks and 1,351 buses.

The association attributed the high exports mainly to active shipments to North America, including the U.S., which took 117,336 vehicles followed by 23,403 to Australia, 21,258 to Saudi Arabia and 14,687 to the U.K.

Reuter

Shorts orders outlook optimistic

BY MICHAEL DONNE

BELFAST, June 28.

SHORT BROTHERS and Harland, the Belfast aircraft manufacturer, is now negotiating further overseas orders for its new short-haul, 30-passenger twin-engined SD3-30 "Commuter Airliner."

This emerged here to-day when Mr. Merlyn Rees, Secretary of State for Northern Ireland, handed over the first production SD3-30 aircraft to the first customer, Command Airways, a U.S. short-haul operator which has three of these aircraft on order, with an option on a further two. Another North American airline, Time Air, of Alberta, Canada, also has three aircraft on order.

So far, these are the only firm contracts for the aircraft. But Shorts' confidence in the long-term prospects for the SD3-30 are such that it is building aircraft in anticipation of orders, and has invested nearly £13m. in production at the rate of two aircraft a month, on top of the £11m. already invested in the aircraft's development.

The £11m. development money has been provided in the proportions of £4.25m. by the U.K. Government, £2.5m. by the EEC and £4.25m. by Shorts itself.

It believes that the total worldwide market for an aeroplane of this type amounts to between 600 and 800 units, over the next five to seven years, of which it expects to win about one-quarter—or some 150 to 200 aircraft. The current price of a fully-equipped SD3-30 is about £750,000.

Saudi deal report denied by Mobil

By Richard Johns

MOBIL, the U.S. major oil company, yesterday denied a report that Saudi Arabian interests had been negotiating to buy what was described as a "substantial" interest in the corporation.

The wording of the statement issued by Mobil did not appear, however, to rule out some kindo f deal giving Saudi Arabia a stake in its assets. It said that there had been no discussions with either the Saudi Government or business groups on "the acquisition of any substantial interest in the company."

The Arab Press Survey quoted business circles in Jeddah as saying that an offer had been made during a tour to the U.S. by high-ranking Saudi officials earlier in June. Mobil's initial response was "positive," added APS, which was formerly based in Beirut but now publishes in London.

Saudi Arabia may well be seeking to establish a foothold in the oil business "downstream", in partnership with one of the majors. Such a relationship was very much the essense of the "participation" concept as it was originally evolved by Sheikh Ahmed Zaki Yamani, the Saudi Minister of Oil, in the 1960s. In the kingdom itself it is looking to foreign partners to take an equity share in projects so that they will not only supply the technology but also have a vested interest in their success.

Iran has already set a precedent with its agreement announced last week to purchase $125m. worth of shares in Occidental which would give it about 10 per cent. of voting rights. Mobil is a very different proposition. At the end of last year shareholders' equity amounted to $6.84bn. spread over rather more than 100m. units. Total assets were worth $15bn.

Mobil is one of the four U.S. partners in the Arabian American Oil Company. Last year it increased its share of the venture from 10 to 15 per cent., leaving Standard Oil of California, Exxon and Texaco with 28.3 per cent. each.

While the increase in Mobil's holding gave the company a proportionately larger crude oil entitlement, it also seemed to reflect a deeper involvement in the development of the kingdom than that of its partners. Collectively, Aramco is carrying out on behalf of the Saudi Government the $10bn.-plus gas utilisation and distribution project.

By itself, however, Mobil is to construct the 1,200-kilometer pipeline from the oil fields in the east to Yanbo on the Red Sea. There, it is planned that the oil company will construct, on a 50:50 basis with the State, a refinery and a petrochemical complex.

Libya contract for British PO

By Christopher Lorenz, Electronics Correspondent

FOR THE first time for several years, the Post Office has won a major export order for the design of a telecommunications link.

A consultancy contract worth £650,000 was signed at the weekend with the Libyan Post and Telecommunications Corporation, covering a new high-capacity line between Tripoli and Benghazi.

The project will consist of submarine cable, with land coaxial cable extensions. This, and the fact that the PO will supervise manufacture, as well as installation and commissioning, indicates that British industry has a good chance of winning much of the £20m.-plus orders for hardware.

Standard Telephones and Cables (STC) is the British candidate for the lion's share, since it is the U.K.'s only manufacturer of submarine cable systems.

The P.O. is understood to want the order to go to a British company, but insists there will be an international competition, and that it will not build nationally-oriented technical specifications into the design—a technique practised

Japan investment

By Our Asia Correspondent

JAPAN invested more than $2.6bn. last year in the five countries comprising the Association of South East Asian Nations (Asean — Indonesia, Malaysia, the Philippines, Singapore and Thailand). Japanese sources in the region said that the investments showed a slight fall on the $2.76bn. that Japan put into the region in 1974.

Indian deficit

INDIA'S trade deficit for the 1975-76 financial year is placed at Rps.10,759m. (£570m.), according to the Commerce Ministry which has announced revised figures, our New Delhi correspondent writes. This gap is despite the fact that exports rose by 18 per cent. during the year to Rs.39,550m. (£2,161m.).

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AMERICAN NEWS

Oil imports drop gives U.S. $396m. trade surplus

BY DAVID BELL

WASHINGTON, June 28.

A SHARP drop in oil imports and large increases in agricultural exports combined last month to give the U.S. its first trade surplus this year of $396m.

The Commerce Department, which released the figures to-day, said that exports last month rose to an all-time high of 9.6bn. while imports fell 4.3 per cent. in May, the largest one month drop since May 1975 when they fell by 8.7 per cent.

But the Department's analysts warned this morning against attaching too much importance to one month's figures. They said that the $676m. fall in oil imports was a little unexpected, but appeared to be an exception to the overall trend of oil imports which continues to be sharply upwards as the recovery continues. Indeed, Commerce Analysts noted to-day that weekly figures show that this month oil imports have been rising markedly once again.

Last month's fall may well have been the result of technical factors and these are not expected to be repeated for some time.

Meanwhile exports of soyabeans, cotton, rice and maize all increased last month and there were also major export gains in aircraft, machinery and chemicals which more than offset a slight rise in imports of food and other manufactured goods.

Last month's improvement followed four months of deficits which together totalled more than $1bn. and have led economists to predict a fairly sizeable trade deficit for the U.S. this year after last year's very large surplus. Most experts agreed to-day that it will take more than one month's figures to get them to revise this assessment.

For the first five months of this year exports were running at a seasonally adjusted rate of $109.9bn., about 3 per cent. higher than last year while imports were at an annual rate of $111.6bn. or 16 per cent. above last year's unusually low level.

Federal Government in tyre strike negotiations

BY JAY PALMER

NEW YORK, June 28.

MR. WILLIAM J. Usery, the new U.S. Secretary of Labour and until recently the Ford Administration's principle labour dispute troubleshooter, this morning entered the current Cleveland talks between striking rubber workers and the tyre companies.

Although Mr. Usery's personal intervention is expected to be brief—he apparently must return to Washington to-morrow — it signalled a new attempt by the federal Government to settle the bitter 66-day stoppage.

A spokesman for the Labour Department this morning confirmed reports that Mr. Usery was considering becoming personally involved in the talks on a full-time basis from next week if no settlement is reached.

The strike, the first simultaneously against the four major U.S.tyre makers, started on April 20 and seems likely to become the industry's longest major stoppage in years. The companies involved are Goodyear, Firestone, Goodrich and Uniroyal.

The stoppage started when the two sides failed to agree on a three-year wage contract. The United Rubber Workers Union demands a settlement that would eliminate the wage gap between it and fellow unions, but the companies refuse to consider the package, which would involve a $1.65-an-hour rise plus cost-of-living increases.

Part of the problem for the striking union is that the tyre companies have not, contrary to expectations, been coming under any particular pressure from customers to resume production. Outside estimates suggest that only about 60 per cent. of U.S. rubber production has been halted and the large Detroit car companies, for example, have been able to continue distributing cars unimpeded by tyre shortages.

At the same time the federal Government, desperately worried about the effect of a large settlement on anti-inflation policy, has been intervening on the side of a smaller settlement. All sides are particularly aware that the current talks will in one way or another set precedents for other big wage negotiations later this year.

Venezuela's $2.33bn. oil programme

By Joseph Mann

CARACAS, June 28.

THE President of Venezuela's nationalised petroleum industry, General Rafael Alfonzo Ravard, revealed that the Venezuelan Government would spend more than $2.33bn. over the next five years for exploration and production programmes in Venezuela.

General Alfonzo Ravard, head of Petroven, also said that this investment figure does not include outlays for changing refining patterns in Venezuela or for development of the massive reserves of the Orinoco heavy oil belt. The belt, which has conventional crude reserves estimated at a minimum of 700bn barrels, will require new techniques of production and refining in order to make its petroleum commercially useful.

Petroven is the Venezuelan state oil monopoly which was set up to run the foreign petroleum companies nationalised here last January. Since Venezuela's petroleum complex has made this country the world's fourth largest exporter and one of the most important producers of crude and refined products, Petroven would thus rank among the world's ten largest oil companies.

Canada to decide on Orion soon

By Our Own Correspondent

NEW YORK, June 28.

SENIOR executives of Lockheed Aircraft in California confirmed to-day that a Canadian government decision concerning the company's recent efforts to reinstate its proposed sale of 18 Orion anti-submarine patrol aircraft is now expected within the next few days.

Lockheed's on-off-on talks with the Canadian government over the sale of the 18 aircraft have been going on since last year. It ran into trouble following the U.S. company's bribery scandal and the Canadian banks' refusal to fund the deal. Lockheed recently submitted a revised plan calling for much smaller start-up costs.

It is this scheme that the Canadian cabinet is now expected to vote on within the next few days. The issue has, however, been complicated by Lockheed's own efforts simultaneously to sell an alternative aircraft, by President Ford's intervention to try to persuade the Canadians to buy American and Boeing's very recent drive to try to secure the deal.

Lockheed's original scheme called for delivery of the 18 aircraft to begin in 1979 and involved a start-up cost of $375m. However, when Canadian banks refused to fund this deal for fear that Lockheed might not survive, the company submitted a revised plan where initial costs would be no more than $50m. This was achieved by omitting some of the sophisticated anti-submarine electronics gear.

Even more recently, the company has suggested that the Canadian government might consider buying as an alternative the Lockheed model sold as an anti-submarine aircraft to the U.S. Navy. Boeing has approached the Canadians with a plan to sell 18 special purpose 707s.

The U.S. Presidential Election

Reagan is gaining delegates

By David Bell

WASHINGTON, June 28.

MR. RONALD REAGAN, catching up in the race for delegates to the Republican Party presidential nominating convention, last night accused President Ford of "playing with fire" and for the first time openly claimed that the President's tactics could destroy the Republican Party.

His unusually blunt remarks were the latest sign of the increasing bitterness that is being engendered during these last weeks of delegate hunting which now shows every sign of ending with no clear-cut victor. If it does, all will depend on the hundred or so uncommitted delegates to the convention who for the most part remain content to play a waiting game.

Even though Mr. Reagan long ago abandoned his celebrated Eleventh Commandment—thou shalt not speak ill of a fellow Republican—his comments were uncharacteristically acerbic in interviews on his campaign aircraft last night. He said that President Ford seemed more interested in winning the nomination than the election and that if the "divisive" tactics of the Ford staff continued many Reagan supporters might not be prepared to back Mr. Ford even if he is the eventual nominee.

Mr. Reagan said that Ford campaign tactics had degenerated into "acts of desperation," like the broadcasted commercials in California that suggested Mr. Reagan might be a warmonger. At the same time, he said, the Ford attempts to change the delegate selection rules—most recently on Saturday in Minnesota—risked tearing the party apart.

Meanwhile, in Puerto Rico, Mr. Ford's press secretary confirmed that the President had noted that Mr. Reagan on the weekend won 45 delegates to Mr. Ford's 17, but added that the President was not "dwelling on the matter."

Although there seem to be as many estimates of the gap between the contenders as there are news organisations, the Associated Press said today that only about 25 committed delegates now separate the two. Other estimates give Mr. Ford a lead of as much as 70, but this larger figure includes a number of delegates believed to be leaning towards one or the other candidate but unable to decide.

PANAMA'S CERRO COLORADO PROJECT

The big copper gamble

BY ALAN RIDING RECENTLY IN PANAMA

IF ALL goes well, one fine day in the early eighties Panama's world-wide reputation as a country dedicated almost exclusively to finance and commerce will be shattered. Suddenly Panama will also become known as a major producer and exporter of copper, earning more from foreign sales of the metal than from all its financial and commercial dealings put together.

These are, of course, idyllic prospects. A different scenario could have the Panamanian Government and its junior partner, Texasgulf Inc., investing more than $800m. in the Cerro Colorado deposits only to find that copper prices in 1982 are below the project's break-even point. Even more pessimistic, sluggish world demand for copper in the next two years could make financing for this massive project difficult to obtain.

But despite the bearish mood of the Panamanian economy and the none-too-fast rise in world copper prices, the Government is confident that this much-delayed project is at last on the way. Work on the ground is already taking place, a financing package is being worked out and potential export markets are opening up with unexpected ease.

Cerro Colorado in the western province of Chiriqui was first discovered and explored by the Canadian Javelin Co. in the late '60s. Containing upwards of 1.5bn. tons of ore with an average content of 0.65 per cent.—with some ore registering as high as 3 per cent.—it is perhaps the largest undeveloped copper deposit in the world.

But the first attempt to develop the reserves failed last year when an international consortium refused to accept Panama's stiff negotiating conditions. The consortium, comprising Canadian Javelin, Noranda Mining of Canada, British Kynoch Metals and C. Itoh of Japan, objected particularly to the 20-year limit on foreign exploitation imposed by Panama. The Panamanian Government, on the other hand, still sensitive after its experience over the 1903 canal treaty which gave the U.S. control over the canal and Canal Zone "in perpetuity," was anxious to ensure as limited foreign participation in Cerro Colorado as possible.

Given Panama's inflexibility, then, it is surprising that an agreement was worked out with a foreign company, Texasgulf, less than one year after the collapse of negotiations with the consortium. In the agreement, Panama has assumed even greater responsibility for the project than it was demanding last year.

Under the contract with Texasgulf, a relatively small though highly successful mining company with interests in Canada, the U.S. and Mexico, Panama will own 80 per cent. of the $200m. to $250m. capital of a joint venture in which Texasgulf will possess the remaining 20 per cent. Texasgulf, however, will administer the new company during the five-year construction period and the first 15 years of production, after which management will be entirely Panamanian.

After 20 years of production, Panama can even exercise an option to buy Texasgulf's 20 per cent. interest in the joint venture. In addition, during Texasgulf's administration, Panama's five-to-two majority on the company Board will enable it to make all major policy decisions, such as the annual budget, production levels and all sales contracts of over one year or 5,000 tons. Panama currently estimates that Cerro Colorado has 60 years of productive life.

A $220m. concentration plant will be situated close to the mine itself, which lies 175 miles west of Panama City and approximately half-way between the Atlantic and Pacific Oceans. Copper concentrate mixed with water will then be pumped by pipeline to an $85m. smelter beside a new port to be built on the Pacific coast near the mouth of the Santa Lucia River. A road will also be built from the mine to the port which in turn should help open up a sparsely-populated region of the country. About $6m. will be spent this year on roads, tunnels and new drilling.

Having obtained Texasgulf's agreement to these terms, however, Panama must now see whether such a degree of national control is acceptable to international financing institutions. As perhaps the largest single investment being made anywhere in the world by a country as small and inexperienced as Panama, the question inevitably arises whether the Government has not bitten off more than it can chew. For example, can Panama manage the indebtedness that this project will bring and can Panama eventually provide the expertise that the project will demand?

> As perhaps the largest single investment being made anywhere in the world by a country as small as Panama, the question arises whether the Government has not bitten off more than it can chew.

Sr. Rubén Dario Herrera, general manager of the Cerro Colorado Mining Development Corporation, the Government's holding company, reflected the confidence that surrounds the project. In an interview, he explained that the financing package would not be ready until a $20m. viability study is completed next year by the Halliburton Company of the U.S., a subsidiary of Brown and Root Inc., and Britain's Seltrust Engineering. However, the Government was already working out possible sources for the necessary $200m. to $250m. equity capital and the $550m. to $600m. direct investment, he said.

Panama's share of the equity, Sr. Herrera went on, would include $20m. of the $23.5m. paid to the Canadian Javelin Company as compensation for its exploratory work, as well as $30m. as the estimated value of the undeveloped copper ore deposits. A further $30m. to $60m. would be provided by "soft" loans from the Inter-American Development Bank, while the balance would come from direct contributions from the national budget and a massive bond issue to the private sector (these bonds may later be convertible to shares).

Financing of the main investment, according to Sr. Herrera, would include exporters' credits from such institutions as Britain's Export Credits Guarantee Department and the Ex-Im Banks of the U.S. and Japan, as well as advance payments by purchasers of the copper production. Several large foreign companies, notably Britain's Kynoch Metals and Japan's C. Itoh and Mitsubishi Corporations, have already expressed interest in long-term acquisition agreements, which would both guarantee markets for the copper exports and provide advance capital for the completion of the project. In fact, even if advance purchases do not bring advance payments, such agreements should help reassure the banks that will be asked to provide credits for the balance of the investment.

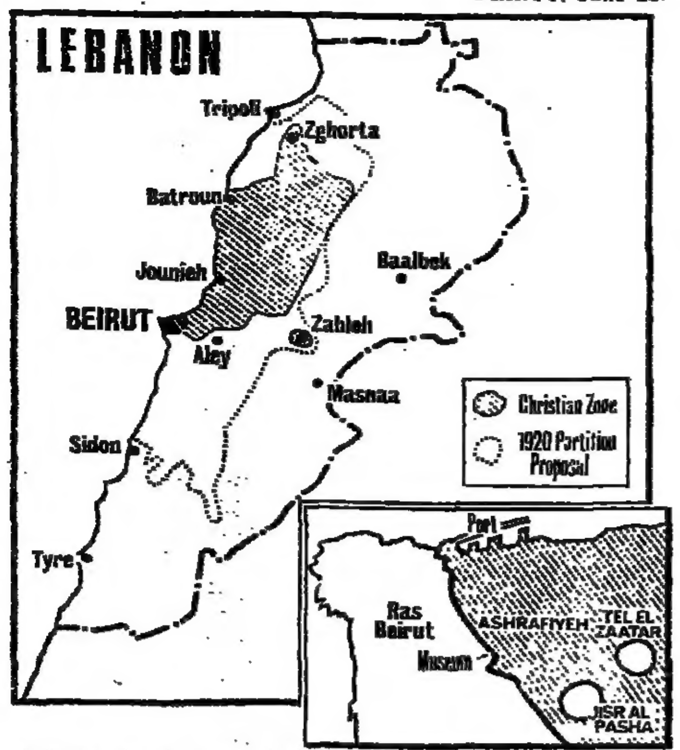
The response of international copper importers and foreign banks, however, will depend to a large extent on the performance of the world economy and, particularly, on the movement of copper prices during the next two years. Clearly cheered by the recent rise in copper prices, Sr. Herrera insisted that more reliable projections are for prices of over $1 a pound by the early 80s, while Cerro Colorado's break-even point—as calculated two years ago before some higher content ore deposits were identified—was 82 cents a pound.

But the ambitiousness and built-in risks of a mining project with a cost equal to Panama's GNP are self-evident. For example, the country's foreign debt, estimated at over $1bn., is already bringing serious debt servicing problems. In addition, world demand and prices for copper are notoriously volatile. In fact, with no immediate industrial spin-offs, the project, Cerro Colorado can be seen strictly as a financial gamble—with nerve-racking high stakes.

OVERSEAS NEWS

Beirut camp defenders urged to surrender

BEIRUT, June 28.



It is not the first time that the extremist right-wing groups have attempted to eradicate the last two Palestinian camps still existing within the predominantly Christian enclave. The seige laid upon them in the first week of Januray led to a serious escalation of the civil war, the full participation in it of the various guerilla groups, and the intervention by Syria through units of the Palestine Liberation Army.

IGHT-wing forces to-day urged efenders of the beleaguered alestinian camp of Tel al-Zaatar surrender after a week of tensive attacks punishing for oth sides. A Right-wing military okesman was quoted by radio s saying no one would be armed if the camp gave in. The lternative, he said, was liquidation.

But Left-wing radios, dismissing the surrender call, eiterated that the Palestinians nd Leftist fighters in Tel -Zaatar and its neighbour, Jisr -Basha, were continuing to beat ff all attacks.

However a spokesman for the adical Popular Front for the iberation of Palestine (PFLP) aid the camps were under evere pressure. "You can magine what conditions are ke . . . sanitary conditions as ell as other aspects."

The spokesman said Leftist nd Palestinian forces yesterday unched co-ordinated attacks on ight-wing positions both in eirut and the hills south-east f the capital.

The tactical aim was to ease ressure on the encircled camps y drawing right-wing forces way from them and, if possible, send a relief force to raise he siege, he said.

On the map, the distance etween the camps on the outkirts of Beirut and their earest friendly forces is only bout two kilometres, but efforts o break through to the camps n earlier rounds of the civil ar have failed.

Statements by both sides in ecent days indicate that hardners have persuaded their oderate allies to press for a ilitary solution to the present ghting. As a result, hopes for successful outcome to mediaon efforts by Libyan Premier bdel Salam Jalloud, appear im.

According to the PFLP spokesan, the joint Left-wing Palesnian attacks on the Right began yesterday after three days debate during which "certain oups" urged restraint because the possibility of compromise ith the major Right-wing party, e Phalangists.

He was referring to contacts st week between Mr. Bashir emayel, son of Phalangist chief ierre Gemayel, and Palestinian curity chief Ali Hassan Salaeh, better known as Abou assan.

But the spokesman said that fter the onslaught on Tel Alaatar intensified, the majority Left-wingers and Palestinian groups agreed with the militants that the only possible recourse was to escalate the fighting.

On the Right-wing side, tactical differences have emerged between the National Liberal party of ex-President Camille Chamoun and the Phalangists, with the National Liberals taking the tougher line.

Their "tiger" militia forces led the initial offensive on the Palestinian camps last Tuesday, and it was only yesterday that the Phalangists said they had joined the battle.

AP-DJ adds: Syria moved 4,000 more troops and a new tank column into Lebanon to-day, guerilla spokesmen reported. A Syrian infantry brigade of 3,500 men supported by a tank column crossed Lebanon's north-eastern border overnight and laid siege to the Moslem town of Hermal, 65 miles north-east of Beirut.

A 300-man Syrian battalion attacked the Leftist-held town of Arsa, south of Hermal, they said.

Israelis worried over PLO

By L. Daniel

JERUSALEM, June 28.

ISRAELI official circles here are increasingly concerned over the shift in the American stand with regard to the Palestine Liberation Organisation and have conveyed this concern to the U.S.

Less than a week ago the U.S. expressed its gratitude to the PLO for its help in the evacuation of U.S. subjects from Lebanon, where the active participation of the PLO is one of the major factors in the long-drawn out strife.

This has been followed by the news that the PLO representative in New York, Mr. Shafiq Al-Hut, has been in Washington for talks with Senators and Congressmen. It is felt here while this is not yet a de jure recognition, it is a de facto one.

As to-day's Labour Party daily "Davar" puts it: "Before long, Israel will probably be told by the State Department that this does not represent 'any change in policy,' as has been stated on numerous past occasions. But these denials do not detract from the impression created by a series of American gestures towards the PLO that the U.S. intends to acknowledge the terrorist organisation as a legitimate, constructive and responsible factor.

"Those who tell Israel that there has been 'no change' show boundless contempt for her power of judgment."

INDONESIA'S DEBTS

The dwindling benefits

BY HAMISH McDONALD IN JAKARTA

INDONESIA has entered a five-year period of sharply dwindling ability to purchase overseas because of the need to contain and cover the debts and commitments of its State oil company Pertamina.

Heavy repayment obligations will mean that towards the end of this decade Indonesia's external borrowing will be almost matched by repayments of earlier public debts. Official figures show that in 1979 estimated public borrowing abroad will be \$2.4bn., with actual disbursement expected to be \$2.02bn.

In the same year Indonesia will have to pay out \$1.88bn. to service earlier loans, giving a net resource transfer of only \$130m. The ratio of debt servicing to exports will then be 19.5 per cent., a dangerous level in the eyes of many economists.

To keep the debt service ratio limited to this, the Government will have severely to restrain foreign borrowing over the next few years and will have to seek a greater proportion of concessional and semi-concessional loans than at present, its economic advisers believe.

Plans for future investment in several expensive, capital intensive areas have been postponed because Pertamina's investment programme—developed outside central Government scrutiny—has pre-empted much of available revenue for this kind of project. Even after cancellations, re-negotiations and refinancing among Pertamina's ventures into petrochemicals, natural gas liquefaction, steel, office and hotel buildings, housing, aviation and shipping the former \$10.5bn. burden still stands at a tentative \$6.2bn. Major uncertainties about this figure are caused by the largely unpredictable losses on the huge Pertamina fleet of ocean-going tankers.

Given this situation, the Government has decided to cut back foreign borrowing from \$3.4bn. this year to \$2.1bn. in 1977 and \$2bn. before allowing it to begin rising again.

Year	Total borrowing \$bn.	Disbursement	Interest	Principal	Total debt service
1976	3,400	2.710	386.1	427.8	813.9
1977	2,100	1,830	559.1	630.3	1,189.4
1978	2,000	1,800	0.390	979.0	1,602.0
1979	2,400	2,020	639.2	1,250.2	1,889.4
1980	2,900	2,320	695.0	1,289.3	1,984.3
1981	3,300	2,660	753.3	1,216.1	1,969.4
1982	3,800	3,030	869.6	1,208.5	2,078.1
1983	4,400	3,460	1,002.6	1,346.3	2,348.9
1984	5.100	4,070	1,171.5	1,577.7	2,749.2
1985	5.800	4,700	1,316.9	1,842.2	3,159.1

Drastic changes have been made to the second five-year plan now into its third year. To salvage the planned aim of achieving improvement in the productivity and conditions of the poor majority of Indonesia's 130m. people, expenditure on big capital items in transport, telecommunications and power is being restrained. Greater emphasis will be placed on private investment. Although increases in net liquidity will be held back to about 25 per cent. a year from the 40 per cent. of previous, a greater share of the increased liquidity will go to the private sector.

Attempts have been made to lift bureaucratic barriers to export industries and some export taxes reduced and abolished. The projected trade deficit in goods and services for 1976-77 is \$1,795m., as against or estimated \$991m. last year.

So far Indonesia has managed to secure the foreign loans and credit it wants. At the meeting in Amsterdam earlier this month of the inter-governmental group on Indonesia (which grew out of rescheduling of the Sukarno debt) pledges were made for much of the sought-for \$3.4bn. this year.

The 14 member countries announced commitments of about \$450m. towards the concessional and semi-concessional loan component. The international agencies in IGGI pledged \$670m.—and Indonesia was confident a further \$200 to 250m. would be raised from Middle East and East European sources.

The target of \$1bn. in export credit arrangements also seemed to be met, with Norway assisting purchases of inter-island shipping, Canada and Denmark two large cement works and France a triple superphosphate project.

The remaining \$1bn. comprised emergency finance for several large Pertamina projects subject to huge cost overruns, and is currently being worked out with individual IGGI countries. The Indonesian trade minister, Dr. Radius Prawiro, concluded arrangements to cover the estimated \$462m. overrun on LNG plants in East Kalimantan and north Sumatra. Five Japanese electricity utilities are to provide \$231m., and an international consortium led by the Bank of Tokyo and the Industrial Bank of Japan would provide a further \$50m., with the rest from Indonesia.

Last week it was announced that arrangements had been made to cover \$475m. needed to complete the Krakatau steel plant in West Java. Informal sources said the West German banking system would handle this, following negotiations over several months.

Ethiopia challenge to Somalia over Djibouti

PORT LOUIS, June 28.

THIOPIA to-day demanded that omalia sign a joint declaration principles to head off a potenal major confrontation between e two countries over the future the strategic port of Djibouti the Horn of Africa.

The annual meeting of the rganisation of African Unity in auritius prepared a resolution ging Arab nations to tighten eir oil embargo against South frica and specifically menoned three western companies Shell, Gulf and Caltex—as bargo violators.

The question of Djibouti and e surrounding territory of the fars and Issas, which is pected to become independent om France within a year, has en the most divisive issue at e conference.

To avoid a confrontation hiopian Foreign Minister Kifle odajo to-day demanded that e two countries sign a declaration "to recognise the sovereignty, territorial integrity and the independent existence" of the territory.

Somalia said that such a declaration was unnecessary and Djibouti's future membership of the OAU and U.N. was guarantee enough of its independence. Mr. Kifle said that Somalia's refusal to sign the declaration would "make it clear to African nations what the Somalis are really up to."

In another move to isolate South Africa, the conference drafted a resolution for approval by a full heads of State meeting starting later this week urging Arab nations to tighten an oil embargo against Pretoria. It said the three companies, Shell, Caltex and Gulf, were breaking the embargo. South Africa, however, buys only about 10 per cent. of its oil from Arab countries. UPI

More whites quit Rhodesia

BY TONY HAWKINS

SALISBURY, June 28.

AY WAS another bad month r white emigration from hodesia, with the country sufring a net loss of 640 whites. though this is slightly better an the net outflow of 817 durg April, it is still the secondrst monthly figure in 12 years. In the first five months of 76, there was a net outflow of 13 whites from Rhodesia, compared with an inflow of 1,250 in the comparable period last year. Most of this loss (1,457 people) was incurred in the months of April and May.

During May there were 720 white immigrants and 1,360 white emigrants. In the first five months of the year, immigration declined 21.2 per cent. to 4,227 while emigration rose 39.7 per cent. to 5,740.

Coalition government for independent Seychelles

VICTORIA, Seychelles, June 28.

GROUP of 92 islands in the dian Ocean becomes the orld's newest nation at midght to-night. The Republic of eychelles will become dependent with a coalition Govrnment, a growing tourist trade d a population of only 58,000 in territory covering 150,000 uare miles of ocean.

The Seychelles have been a itish colony since 1810. Their st President will be Mr. James ancham, a 36-year-old poet who ads the Democratic Party. He so will hold the Foreign Affairs, efence and Internal Security rtfolios.

Mr. Albert Rene, 40-year-old ader of the People's United rty, will become Prime inister.

Tourism from Europe and the iddle East has been growing spite the high air fares. The ands also receive substantial mbers of tourists from South rica who arrive aboard several rect flights each week from hannesburg.

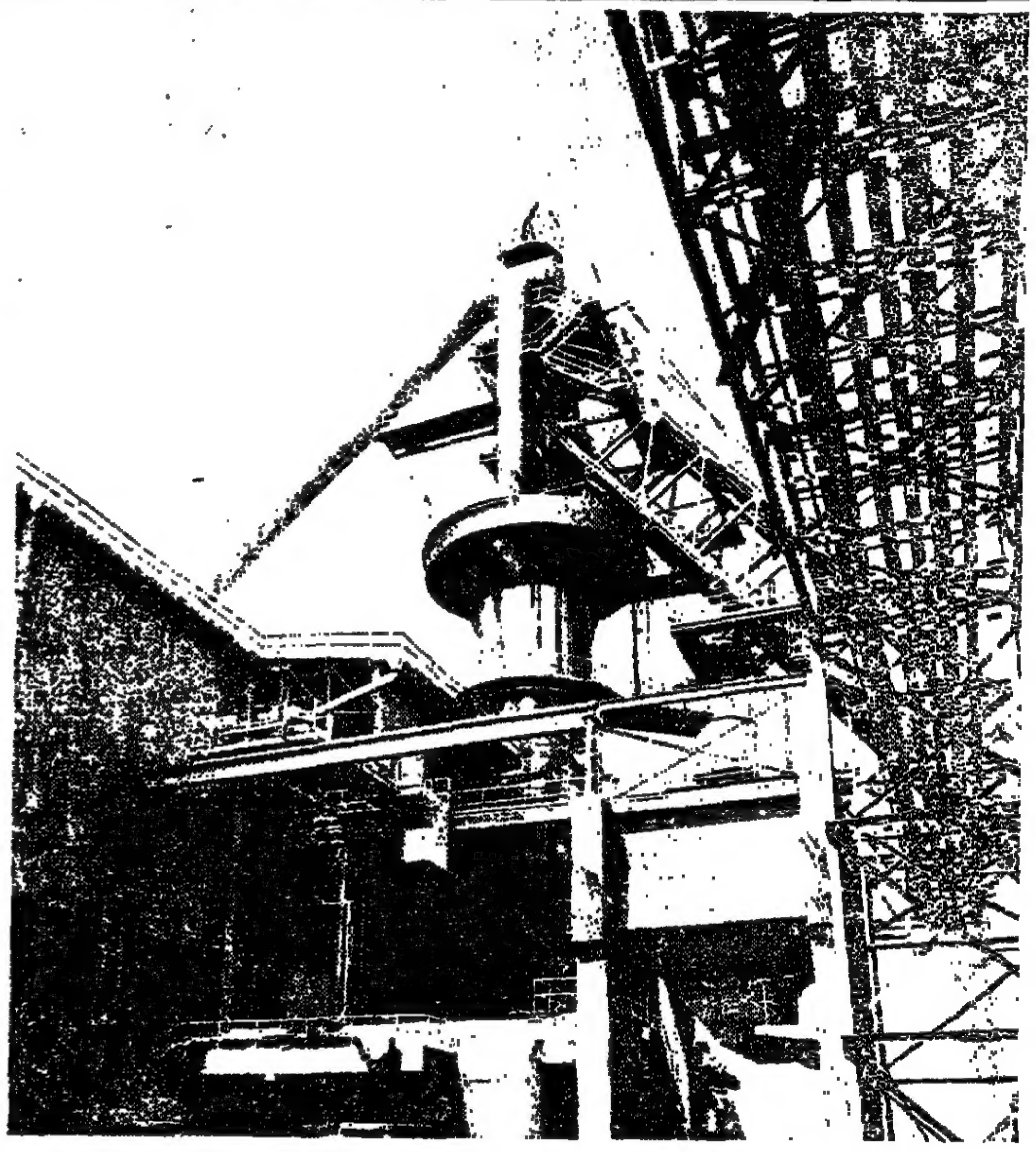
uter

John Worrall adds: Mr. Mancham has been awarded an honorary KBE. The announcement is to be made to-morrow, when the Duke of Gloucester will confer the award on behalf of the Queen before thousands of Seychellois at the Victoria Stadium. Mr. Mancham says he will not use the title "Sir."

The Duke of Gloucester will to-morrow hand over the constitutional instruments to the new republic, and President Mancham and the Prime Minister Rene will take their oaths of office.

Ships of five navies are in the port of Victoria from the United States, India, Pakistan, Iran and France. The British have sent a Vulcan bomber, a Nimrod submarine chaser and the band of the Royal Marines.

ON OTHER PAGES



Dam and Blast

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Wimpey is responsible for a great many projects, past and present. It's one of the things that has made us Europe's largest construction company.

That, and our 'Know how'.

WIMPEY Know how

Left: Llyn Brianne Dam. Built for the West Glamorgan Water Board (part of the Welsh National Water Development Authority). Consulting Engineers: Binnie and Partners.
Right: El Fouladh Iron and Steelworks. Main Contractor: Ashmore, Benson, Pease & Co Ltd

U.S. company may purchase Chateau Margaux

By Rupert Cornwell

NATIONAL Distillers of the U.S. is believed to be close to buying Chateau Margaux, one of the five listed Bordeaux win first growths, alongside Chateaux Lafite-Rothschild, Latour, Haut Brion and Mouton-Rothschild.

Although no formal confirmation was forthcoming this afternoon, an agreement is understood to have been signed in New York between National Distillers and Ginester, the merchants which own Margeaux. The matter now rests with the Paris Agriculture Ministry, which has to give its approval to a deal that would involve one of the most spectacular foreign inroads yet into the august Bordeaux wine industry. Officials at the Ministry could not be reached for comment this evening.

... Margeau' future has been uncertain for some while and in recent months its name had been linked Moet-Hennessy the champagne, brandy and perfumes group.

Pravda restates the case for unity of communists

BY DAVID SATTER

MOSCOW, June 28.

ON THE EVE of the summit conference of European Communist parties in Berlin, the Soviet Communist Party newspaper Pravda to-day hailed the progress of the world socialist movement, but warned that working class unity is essential to the maintenance of peace.

In what appeared to be a careful restatement of the argument for Soviet primacy in the world Communist movement, Pravda hailed the "victory" of the Italian Communists in recent elections, the "defeat of Fascism" in Portugal and Greece, and the "agonising" of the Francoists in Spain but said that despite these encouraging developments, the achievement of genuine peace depends on Communist unity.

Pravda said that the further relaxation of tension, the Soviet phrase for detente, requires the combined strength of all European Communists and said that the contribution of the Soviet Union to the fight for peace is "one of the highest manifestations of her internationalism."

The newspaper said that the enemies of peace are gaining strength and warned that a coalition of Western European militarists and Maoists is forming to threaten Socialism and peace. In a reference to the 17 months of emotive debate over the Soviet claim to Communist primacy which preceded the opening of the Berlin conference, Pravda said that preparations for the meeting were characterised by "a frank exchange of comradely opinion, the comparison of views and the establishment of ideas on the active struggle for peace and security on the European continent."

● Reuter adds, from East Berlin: Major Soviet concessions relaxing Moscow's grip on the world Communist movement were reported to-day, as European Communist leaders gathered for a conference still troubled by divisions over China.

The conference — 12 months overdue because of bitter wrangling over ideological objectives — starts to-morrow with debate on a bland declaration broadly acceptable to Soviet hard-liners as well as the major independent parties of Yugoslavia, Romania, Italy and France.

Conference officials said that almost every disputed passage had been stricken out of the final document, the sixth version to be drafted in nearly two years of backstage argument.

East European sources said, however, that there may still be a controversial public denunciation of China by Soviet bloc leaders, although this will be kept out of the summit declaration.

President Tito of Yugoslavia and Soviet leader Leonid Brezhnev, the first arrivals for the conference, met this morning for a private discussion. They were chiefly concerned to defuse tensions following President Tito's action in breaking up several groups of pro-Soviet dissidents in Yugoslavia.

Kredietbank: further increase in volume of business and profits

Balance-sheet total at March 31, 1976 BF 244 540.284.906 - 18 % more than in 1975

(in million BF)	1971	1972	1973	1974	1975	1976
Balance-sheet total	102,270	125,201	153,513	181 247	207,128	244,541
Capital and reserves	4 258	4 590	6 678	7,041	7,461	8.018
Deposits and other liabilities	89 469	111 074	137 559	161 768	185,944	221,019
Net profit	581	661	731	852	950	1,045
No. of staff members	6 646	7,111	7 539	7 851	8,035	8,029
No. of branches	613	647	664	682	694	700

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Community sales for German steel

By Guy Hawtin

FRANKFURT, June 28.

ORDERS FOR West German rolled steel finished products continued upwards last month, but the recovery is being led largely by the growth of domestic demand. While orders from the European Economic Community are also relatively strong, demand from buyers outside the EEC remains very weak.

In May, bookings for rolled steel finished products—excluding semi-finished products, hot rolled broad strip and special steels—rose 6.3 per cent. from April's 1.74m. tonnes to 1.85m. tonnes. Deliveries, however fell back by 7.4 per cent. from 1.96m. tonnes to 1.82m. tonnes.

Growth was strongest in the home market where orders went up by 12.8 per cent. from 1.17m. tonnes to 1.32m. tonnes although deliveries fell back from 1.37m. tonnes to 1.32m. tonnes. This decline is thought to be attributable to the completion of customer's post-recessionary stock rebuilding processes.

Orders from Common Market customers went up by 9.4 per cent. from 181,000 tonnes to 198,000 tonnes while deliveries fell off from 233,000 tonnes to 213,000 tonnes. Again the partial completion of the rebuilding of stock run down in last year's downturn is believed to be responsible for the declining delivery rate.

There is still no sign of an upturn in sales to non-EEC countries. In May orders, at 331,000 tonnes was off 14.7 per cent. on the previous month's 388,000 tonnes. Deliveries were down 16 per cent. from 340,000 tonnes to 283,000.

The steel industry's order books however strengthened slightly. They went up from April's 4.41m. tonnes to 4.44m. tonnes.

Irish bank strike may be lengthy

By Giles Merritt

DUBLIN, June 28.

IRELAND'S four main clearing banks remained firmly shut to-day throughout the Republic following the week-end's deadlocked negotiations.

Minister for Labour, Mr. Michael O'Leary, who yesterday appealed to the militant Irish Bank Officials Association to delay the strike for further talks, is to report on the situation to the Irish Cabinet when it meets to-morrow. But it now seems certain that the strike will last at least a week and spokesmen for industry, commerce and agriculture have issued warnings of the crippling effects of the dispute. Ireland's last major bank strike, in 1970, lasted six months.

The first day of the strike coincided with publication of the official cost of living index, showing a 5 per cent. rise for the last three months.

Unless Mr. Liam Cosgrave's Government uncharacteristically backs down on its decision last week to refuse the bank employees pay increases that would exceed the average 13 per cent. rise for 1976-77 being proposed in a national deal, Ireland faces a lengthy and disruptive banks closure.

The Confederation of Irish Industry to-day said Ireland's foreign trading position is seriously threatened and the strike will "jeopardise the position of industrial employees who are not sheltered from international competition."

EEC Ministers to try to decide fishing limits

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, June 28.

FOREIGN Ministers of the Nine will take up the thorny question of fisheries policy this week in an effort to draft a Community position towards third countries which have threatened to extend their fishing limits unilaterally to 200 miles.

But while this question is being regarded with increasing seriousness within the Community, it is unclear how much progress Ministers can make towards a common position at their two day meeting in Luxembourg starting to-morrow so long as the Nine remain divided over the kind of policy to be applied within the EEC itself.

The U.K. has made it clear that it intends to stand by the basic demands laid down by Mr. Roy Hattersley, Minister of State at the Foreign Office, before an unenthusiastic audience in Brussels early last month. These call for an exclusive national fishing limit of up to 50 miles, much wider than the 12 mile zone proposed by the EEC Commission.

While this basic dispute remains unresolved, it will be extremely difficult for the Community to respond to threatened moves from countries like Norway which have said that it may be forced to declare a 200-mile zone after the end of this year if the UN Conference on the Law of the Sea is unable to produce a general agreement of fishing limits by then.

Thus, discussion to-morrow of access to the Common Market for third country fish exporters—potentially the EEC's more powerful instrument in bargaining with non-member countries over fishing limits—is also expected to cover little new ground. It will probably amount to a little more than a review of the negotiations conducted so far. The Foreign Ministers are also expected to discuss a proposal for a special waiver from the Law of the Sea conference which would permit EEC member states to continue to apply Community rules among themselves in certain instances, even if these differ from future rules decided by the Conference.

This week's Ministerial meeting is the last before the "Summit" of EEC heads of government scheduled for July 12 and 13. As such, it is expected to be devoted mainly to tying up a number of loose ends, and it is virtually excluded that it will reach any major policy decisions.

There are some hopes that the Ministers can achieve a much delayed agreement on the distribution of about £800m. in loans and aid for assorted Mediterranean countries and perhaps also on setting up the next round of talks with Greece and Turkey on their association agreements with the EEC.

Settling these two issues is considered a necessary pre condition to setting a date for the start of formal negotiations with Greece on full community membership. It is still thought possible that next month's summit meeting could decide this sensitive question before the start of the summer holidays.

There will also be the now ritualistic discussions of the Tindemans report on European Union and on the shape of a directly elected European parliament. There is considerable optimism here that this latter question can be settled at the summit next month: indeed here have even been rumours that a secret agreement has already been reached among the Nine, though these have been officially denied on all sides.

In addition, the Foreign Ministers are expected to review the co-operation agreement concluded between the EEC and Canada and to approve a set of 18 measures aimed at harmonising standard for a wide range of industrial and consumer goods in the Community.

To-morrow's talks coincide with a meeting of Interior Ministers of the Nine in Luxembourg to discuss security and anti-terrorist measures. They are expected to examine a German proposal calling for the exchange not only of information between Governments but also specialised personnel.

Britain will be represented by the Home Secretary, Mr. Roy Jenkins, whose nomination as the next President of the EEC Commission is now considered virtually assured. But it is unclear whether Mr. Jenkins will take the opportunity to discuss Community matters with the Foreign Ministers, who will be meeting in an adjacent building.

NORWAY to-day accused Spain and Portugal of over-fishing in the Barents Sea and exceeding quotas laid down by the Commission for Fisheries in the North East Atlantic (NEAFC).

Spain and Portugal have the smallest quotas shared out by the NEAFC, with 7,000 tons of cod each. Norway laid up its fleet several weeks ago after fishing their quota of 310,000 tons, a Fisheries Ministry official said here.

Mr. Birger Larsen, Under-secretary of State for Fisheries, said neither Norway nor Britain were exceeding their quotas in the north east Atlantic.

Reuter

Nine in harmony on standards

BY OUR COMMON MARKET CORRESPONDENT

BRUSSELS, June 28.

EEC Foreign Ministers are due this week to place their seal of approval on a package of 18 measures aimed at harmonising standards within the Nine for a wide variety of industrial and consumer products.

Though most of the measures, or "directives" as they are called in EEC terminology, will not take effect for 18 months or longer, agreement on the package is being hailed here as a minor triumph of political compromise at a moment when co-operation in many other areas of Community business has been marking time.

In many cases the directives, which will be backed by the force of law, are quite technical, but they touch upon categories of trade, ranging from motor-cars to cosmetics, whose total value runs into hundreds of millions of pounds a year. In several instances, completion of the negotiations required approval at the very highest levels of Government in member-States.

In terms of U.K. exports, British officials here believe that a direct benefit could accrue to U.K. exporters from a directive harmonising and simplifying the procedures for enforcing safety standards for pressure vessels.

U.K. exports of pressure vessels to the rest of the EEC have been running at about £10m. a year, and officials believe that there is scope for a significant expansion once administrative and legal obstacles in other Common Market countries have been cleared away.

Another positive development in the U.K. view, is an agreement on motor car lighting. While meeting the new standards could involve the British motor industry in some slight additional costs, it will also eliminate the inconvenience of having to equip exported cars differently for different EEC markets.

The agreement is also seen as an important step towards a comprehensive set of Community standards governing motor car equipment in the EEC which, it is hoped, can be agreed upon next year.

From Britain's standpoint, the main stumbling block in the negotiations has been over electricity meters, which are manufactured to higher standards of accuracy in the U.K. than in most other EEC countries.

This problem has been ironed out through a compromise whereby the U.K. has been granted a waiver in applying the new rules until 1980, while Continental manufacturers will have to raise their standards slightly. At the end of five and a half years a set of permanent standards will be decided upon, though these are likely to be somewhat laxer than those now prevailing in Britain.

Similarly, at the insistence of West Germany and Denmark, electrical equipment manufacturers in several Continental countries have been granted a waiver in meeting new rules for suppressing radio interference. A five and a half year waiver has also been allowed in meeting new Community standards for tractor noise which are broadly similar to those now in force in the U.K.

The package, which owes much to efforts by Luxembourg, also contains stricter rules governing the handling and transportation of dangerous industrial substances and the use of additives in cosmetic products.

● The U.K. motor industry was among the first to press for harmonisation of component standards and a committee of the Society of Motor Manufacturers and Traders has been actively pursuing the subject through EEC organisations for some years, while every major vehicle producer has specialists to deal with export legal and technical problems relating to equipment.

Lighting has proved a particular bugbear for the bigger U.K. makers like Lucas, necessitating in some instances different final assembly lines for certain products.

There has also been a suspicion that some of the intricate technical requirements have been used in place of tariff barriers, and there will be general approval that, production-wise at any rate, competition will be on a more level footing irrespective of volume.

Italy's deficit improves

ITALY'S balance of payment deficit improved dramatically in May as controls to curb imports and stem the falling value of the lira began to bite, provisional figures from the Bank of Italy showed yesterday, reports Reuter from Rome.

The May deficit was 110,000m. lire (£73.3m.) compared with 733,300m. lire (£503.5m.) in April.

The total deficit for the first five months of this year was 2,260,000m. lire (£1,506m.), almost 10 times up on the same period last year.

The emergency curbs announced on May 6, include measures requiring importers to deposit 50 per cent. of the value of goods they brought in with the Bank of Italy.

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Warsaw Communist Party chief admits widespread disorder

BY CHRISTOPHER BOBINSKI WARSAW, June 28.

THE FIRST Secretary of the Warsaw district Communist Party, Mr. Jozef Kepa, told a meeting here to-day of about 10,000 party members and Warsaw residents that there had been disorders in Polck, a major oil refining centre north of Warsaw, complete stoppages in some Warsaw factories and partial ones in others last Friday in response to the authority's price rise proposals.

The meeting held to protest at the action of those workers by stopping work, damaging property and demonstrating in the streets accused them of attempting to disrupt the dialogue the party had initiated with the people on the price rises. The meeting had people marching to it from points in the centre of the city and thus caused traffic to be diverted for some two hours. It also expressed its support for party leader Edward Gierek who it is generally assumed here will be travelling to East Berlin for the European Communist Summit meeting but who has not appeared in public since last Thursday, and for the Premier Piotr Jaroszewicz.

Similar meetings were held throughout the country to-day and yesterday in a similar vein and some for instance in Tarnow were demanding that "severe consequences be drawn in regard to the rioters and that society be informed that this has been done"—though the response to the speeches at the Warsaw meeting was mild. It is noticeable that as the days go by, official commentaries are becoming less liberal but at the same time the accent is still on the words dialogue and democracy. It is considered here that the thrust of the authorities' policy is to try and break the spontaneous solidarity of the workers which came to the fore last Friday and then try to introduce the price increases once again. Some of the newspapers like the daily Zycie Warszawy described the streets of Radom as "broken windows, burnt lorries full of goods and plundered shops," and say that any civilised country "without regard to the system of government" must repress this with all the consequences the law provides. But the Slowo Powszechne while also condemning the riots, to-day points out that when talking to consumers "a sincere dialogue is needed at all levels of contact authority has with society" and that "an increasingly enlightened society needs to have full access to rational argumentation and this is not merely a mechanical process," which echoes the dissatisfaction expressed on Friday at shop floor level that two days was not enough to adequately discuss the price changes. But the paper adds that in deciding to change its project "the Government acted in accord with the feeling of the population."

Trade unions in Spain disagree

BY ROGER MATTHEWS MADRID, June 28.

SERIOUS DIFFERENCES between Spain's illegal trade union organisations are persisting, despite attempts to play down the increasingly public disagreements of the past fortnight. The basis of the argument, though not stated publicly, is the fear that the Communist-dominated Workers Commissions are trying to set up a single union that would effectively absorb the other groups, much as happened in Portugal after the April 25 revolution.

The sharpest critics of the Workers Commissions' tactics have been the General Workers Union (UGT) which has close links with the main stream Socialist Party (PSOE) and the CNT, a smaller organisation with its historical roots in Catalan anarchism. Another Socialist union which has no clear party links, USO, has urged that any move towards a single union should wait the achievement of full democratic rights and an extensive debate at grass roots level.

Faced by this hostility the Workers Commission appear to have given ground over the week-end and have meanwhile accused the regime of trying to split the working class movement. The Government has banned the Workers Commissions—Spain's biggest illegal union—from holding a National Congress at the end of this month, although the UGT has already held its first legal assembly since the end of the Civil War. USO is expected to hold its first congress shortly.

Despite the Government ban the Workers Commissions have been proceeding with clandestine regional elections to send delegates to the National Congress.

The Workers Commissions are also pressing ahead with the sale of 1m. bonds at Ps.25 (21p) each and claim that further issues may have to be made. This has worried UGT, USO and CNT some of whose members may also be contributing. As one union militant put it to-day: "We are all united in our opposition to the dictatorship's vertical syndicates that still exist, but we will have a lot of problems in deciding exactly what should follow and how democracy should be applied."

However all the illegal union organisations agree that there is little to indicate that the Government is so far prepared to allow the freedom they are demanding. Sr. Martin Villa, the Minister responsible for the official syndicates, is instead proposing greater separation between employers and workers, but with a bridging body in which both sides and the Government will be represented.

THE CONSUMER PRICE index rose by over 4.5 per cent. during May, according to informed sources here. This puts the rate of inflation for the first five months of the year at nearly 11.5 per cent. and confirms a strong upward trend. The publication of the index for last month has already been delayed by nearly a fortnight and the Government, seriously concerned at its political effects, is expected to issue a detailed statement trying to calm public opinion. The Minister of Finance has repeatedly said that the rate for this year will be much the same as 1975's 14.1 per cent.

● AP-DJ writes from Paris: The economic recovery of Spain should continue throughout this year "but will probably be accompanied by strong upward pressure on prices and a large external deficit and it seems clear that this recovery will not suffice to resolve the employment problem."

This is the conclusion of experts at the Organization for Economic Co-operation and Development (OECD) in their latest annual survey of the Spanish economy, published to-day.

The survey predicts that Spain will see a real growth of between 7 per cent. in gross domestic product (GDP) over last year, principally brought about by the rapid recovery of exports. These should rise by some 12 per cent. in volume terms this year, compared with stagnation last year.

However, the OECD Secretariat warns, a growth in GDP of 7 per cent. would be required to maintain unemployment at its 1975 level of 4.6 per cent. of the labour force up to 1980. A 5 per cent. growth rate entails a "steep rise" in the number of unemployed, it adds.

The experts suggest that there is a "significant possibility" that the rate of inflation in Spain will increase this year from 17 per cent. last year fuelled by increased wage demands and the subsequent passing-on of higher costs to the consumer. "A wage price spiral would then develop which would certainly aggravate the balance of payments and the employment situations," the Survey cautions.

"In the present circumstances it would seem appropriate to combine selective budgetary measures sustaining employment with a still cautious monetary policy. Given the risk of accelerating inflation and the probability of a large current external deficit, it is important to avoid both rapid growth of the money supply and unreasonably low interest rates which, in certain cases, are 'strongly negative in real terms,'" the OECD economists state.

A reduction of last year's current account deficit of $3.5bn. to $3bn. may be possible this year, however, the Secretariat suggests, mainly due to the upturn of OECD economies and the recent depreciation of the peseta.

It concludes that comparable to some other countries, the balance of payments and the risk of high inflation "may represent important constraints on the feasible rate of economic growth in the medium term, and point to the risk of lasting high unemployment."

Oslo curbs credit again

BY FAY GJESTER OSLO, June 28.

IN A MOVE to reduce liquidity and slow down the rise in bank lending, Norway's Government has re-introduced credit curbs it lifted last year as part of its anti-recession policy at that time.

An announcement at the weekend said commercial banks in south Norway would again have to meet primary reserve requirements—set, for the time being, at 3.5 per cent. (banks in north Norway are exempted, because liquidity in the northern part of the country is not considered excessive). In addition, the ratio for obligatory holdings of bearer bonds has been increased, for both savings and commercial banks in south Norway, so that these banks will have to buy an extra Kr.500m. (£50m.) worth of bonds in 1976. Here, too, banks in the north have been exempted.

Finance Minister Per Kleppe warned recently that the Government would adopt a more restrictive economic policy as recovery from the recession got under way, to prevent demand pressure from becoming excessive. He said both credit curbs and restraint on public sector activity were likely.

DAVID LASCELLES EXAMINES THE BACKGROUND TO LAST WEEK-END'S DEMONSTRATIONS

Consultation does not seem to work either

MR. GIEREK and his colleagues face a summer of agonising decisions following the Polish workers' revolt—the second in six years—against proposed rises in food prices. The longer the rises are delayed, the worse Poland's economic problems will become. But as last Friday's ripped up railway lines and the Government's hasty backing down showed, the people have refused to understand these problems, and the leadership lacks the political strength to force the remedies through.

At this stage, the political repercussions are as uncertain as the economic ones are obvious. With the demise of Wladislaw Gomulka, then party leader, after the bloody 1970 riots very much in people's minds, there are naturally question marks over the future of Poland's current leaders and there must be concern in Moscow about its restless neighbours. But though the Prime Minister, Mr. Piotr Jaroszewicz who announced the price increases and their hasty repeal "pending consultations," seems an obvious scapegoat, his dismissal would expose the leadership as weak and divided just when it needs to look strong.

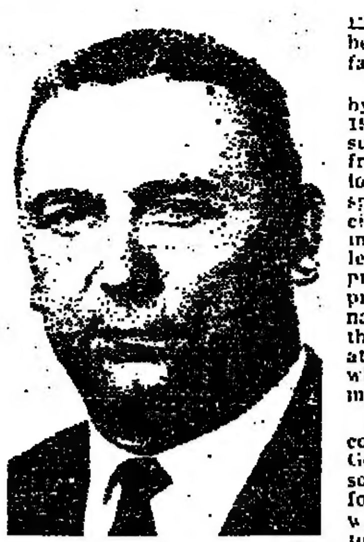
Furthermore, the announcement was presented as a joint Government-Party move, so that the Party will find it difficult to blame the Government — the normal procedure in Soviet bloc countries in times of crisis. Mr. Gierek, the Party first secretary, has remained out of the limelight in the past few days and his position, at least, looks secure.

However, the strikes and the looting prove that Mr. Gierek's policy of consultation has done little to narrow the gap between policy makers and people. All those factory meetings in the past 12 months where members of the Politburo took pains to explain that prices must go up and why have not smoothed the path. Nor, it appears, did the two-way traffic that was supposed to take place at these meetings alert the leadership to the popular mood.

As it is, Mr. Gierek made two serious errors. He misjudged the likely popular reaction. He also repeated Mr. Gomulka's mistake of trying to raise prices at a stroke (meat and fish by 69 per cent., poultry by 30 per cent., butter and cheese by 50 per cent., vegetables by 30 per cent., adding, the Government itself calculated, 20 per cent. to housekeeping bills). As a result all his careful preparations have come to nothing.

The puzzling question is why he did not tackle prices gradually. He would almost certainly have got away with four rises of, say, 5 per cent. every six months. However, his price policy has all along been one of procrastination because he needed a contented workforce for the success of his industrial expansion policies. But he was backing himself into a corner from which only sweeping measures would get him out. These have now failed, and he appears to have lost much goodwill in the process.

Wladislaw Gomulka, toppled by the 1970 riots



Does Edward Gierek face the same threat?

This marks a bitter setback for one of the few countries in the Soviet bloc which showed the makings of a genuine relationship between the government and the people.

According to Polish sources, the new round of "consultations" could take three or four months, but in that time the pressures behind prices will continue to mount, presenting Mr. Gierek with even more difficult decisions in the autumn.

The problem is that basic food prices have been frozen for the last ten years, a period in which real wages have risen by over 50 per cent., creating a serious imbalance in the semi-market economy. Mr. Gomulka's ill-fated attempt to correct the imbalance in 1970 brought Mr. Gierek to power with a pledge to keep prices frozen, a pledge he renewed yearly until last December's party congress when it was announced that prices would be reviewed but "with a profound sense of responsibility."

In order to keep prices at their frozen levels, the State was paying out a fast-growing volume of subsidies. These rose five times in as many years, from the equivalent of £400m. in 1971 to £2,000m. in 1975. When bread became cheaper than fodder—farmers fed it to their animals.

The position was complicated by two bad agricultural years in 1974 and 1975 which reduced supplies of every type of food from meat to fruit, resulting in long queues at the shops, widespread dissatisfaction, and officially admitted black marketeering on a large scale. On the legal free market, operated by private and co-operative farmers, prices soared, so suppliers quite naturally channelled more of their produce in that direction, at the expense of the State shops where the shelves became even more bare than before.

Economically, such a situation could clearly not continue. The Government also argued that socially it was unfair to subsidise food for everyone, rich and poor, when the money could be used to raise the wages of the lower paid.

The crucial decision to raise prices must have been taken in the belief that workers would prefer to find meat in the shops, even at a price, than none at all. Furthermore, price rises had been delayed for so long that nothing short of a fundamental solution to the problem can have seemed justified. The decision must have marked a victory for the strong technocratic lobby in Warsaw which has argued that Poland needs an active and flexible price policy to sustain a smooth pace of development. By the same token it marked a defeat for the trade unions which took the line that fixed prices were part of the bargain struck between workers and party in 1971 to get the country moving again.

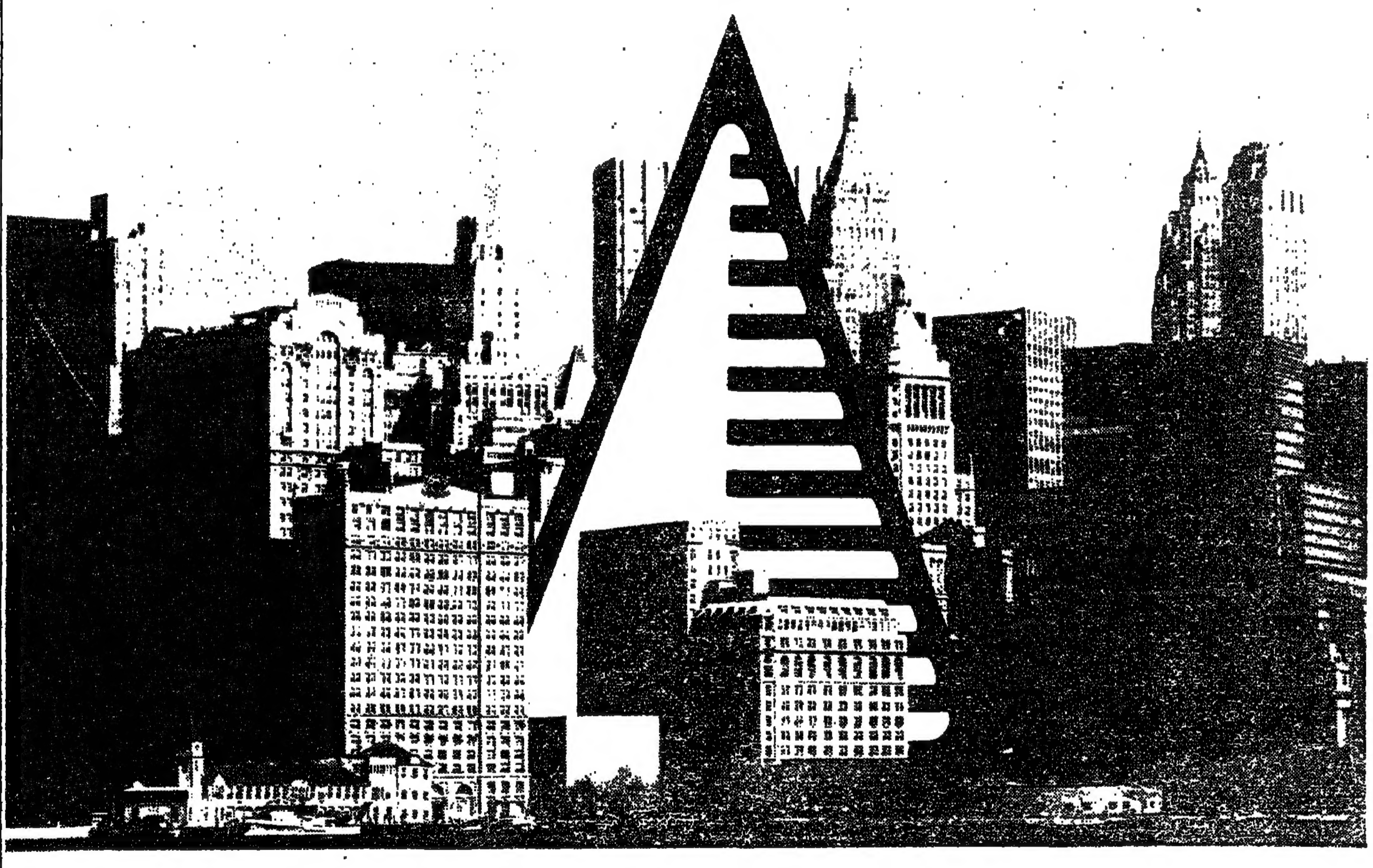
The Party tended to hover between the two sides, though it began to hint at the inevitability of price rises early last year.

Following its climbdown, it finds itself caught once again in the crossfire, but with the extra scars of last Friday's events, as well as the anger of the farmers and low paid who were to have benefited from higher revenues under the cancelled package.

Clearly, there can now be no renewed attempt to increase prices on last week's scale—unless the Government adopts very tough tactics, which could prove extremely risky.

The probable outcome will be a package of smaller price rises along with a quiet downward adjustment of wage increase targets. These are already very low (around 3.8 per cent. a year compared with 7 per cent. in the last five years) but were certain to be exceeded. The Government may now be planning to meet the targets, and no more.

These delays will be costly in terms of imports needed to prevent the country's pent up purchasing power bursting at the seams, and Mr. Gierek must be wishing he had acted more decisively a year or two ago and introduced some small price rises then. His Soviet-bloc colleagues are probably wishing the the same, since Poland has once again proved that there are limits to what a government can do.



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HOME NEWS

National lottery suggested for sport funds

BY MICHAEL THOMPSON-NOEL

THE GOVERNMENT can expect pressure from MPs soon to permit introduction of a no-limit national lottery to raise between £10m. and £15m. a year for sport.

Tickets would cost £1 and the first three prizes would be £1m., £750,000 and £550,000.

The scheme, to be announced in London to-day, is suggested by the Central Council for Physical Recreation in its evidence to the Royal Commission on Gambling.

Headed by Lord Rothschild, the Commission is investigating gambling and studying ways in which it could more fully support sport.

Strong backing

Strong backing for a national lottery has come from the four Sports Councils for England, Wales, Scotland and Northern Ireland. In their evidence to the Commission they say sport faces a financial crisis.

The Government and local authorities should still be the main source of money for sport, but the present level of grants was too low.

If the Sports Councils made significant progress with their programmes, they would need a combined increase of nearly £14m. a year for five years on top of existing grants of £13.5m.

Sir Robin Brook, chairman of the Sports Council, recommends in his evidence to the Commission a national lottery rather than a further levy on football pools or a sports tax on gambling as a whole.

A national lottery might attract "new" money from previously untapped sources. Total U.K. gambling turnover was well above £3bn.

The Central Council of Physical Recreation calls in its evidence to the Commission for a no-limit national lottery for the express benefit of sport and recreation. Mr. Patrick Cheney, its spokesman, said last night that estimated turnover on this might be £25m.

£26m. taxes

"We have already asked the Chancellor of the Exchequer to treat us kindly," he said. "We told him that British sport, excluding Football League clubs, is already paying £26m. a year in taxes and rates."

The council's call for a national sports lottery has the all-party backing of 20 MPs.

In addition to main prizes the lottery would offer £200,000 worth of consolation prizes.

Pyramid selling company wound up

Financial Times Reporter

THE PYRAMID selling company, World Wide Household Products, was compulsorily wound up yesterday. The order came as the case involving another similar company, Golden Chemicals, continued in the High Court.

World Wide Household Products used the chain letter system of marketing to distribute a liquid detergent known as Watermate. Mr. Justice Templeman made the order "in the public interest" on petition brought under the Companies Act by the Secretary of State for Trade.

The company, which was incorporated in August 1972, and ceased trading a year later, was never solvent. In its first nine months of operation it had a loss of £27,818.

Endless chain

The Department of Trade alleged that the defendants were operating a pyramid promotion or endless chain scheme under the guise of marketing various retail products.

Although some products were actually marketed, the Department of Trade claimed that the basis of World Wide's operation was the recruitment of investors who paid substantial sums of money for the right to receive a proportion of the investments of other people brought into the scheme.

Ashley Ashwood

Mr. Charles Meek, chairman of the White Fish Authority. Mr. Meek, speaking in London yesterday, said that the EEC's Common Fisheries Policy should be reappraised in the light of the settlement of the cod dispute with Iceland.

£5m. order by R. S. Dalgliesh

FINANCIAL TIMES REPORTER

R. S. DALGLIESH, the Newcastle shipowner, has placed a contract worth more than £5m. with Austin and Pickersgill, Sunderland, for a 14,900-ton SD14 cargo liner for delivery in June, 1978.

It is the first time for some years that the company has ordered a new vessel on its own account and Mr. Nicholas Dalgliesh, managing director, described it as an "act of faith" at a time when shipping was in the doldrums. "We believe, however, that the freight market will eventually improve, hopefully before the ship is delivered to us," he added.

Dalgliesh manages four cargo ships for the Watergate Steam Shipping Company, a subsidiary which it sold to the Lonrho group seven years ago. It is coming back into direct ownership.

The SD14 will be fitted with a Sulzer diesel engine to be supplied by Hawthorn Leslie Engineers, Newcastle.

The vessel is one of 14 SD14s won so far this year by Austin and Pickersgill and worth together about £70m. Seven of the vessels are for British owners, four for Greeks and three for companies in Hong Kong.

PR 10/76 E

Skytrain move by Government 'was illegal'

GUIDELINES IN the Government White Paper which effectively axed Freddie Laker's cut-price Skytrain service to America were illegal, Mr. Laker's counsel told a High Court judge yesterday.

The White Paper Future Civil Aviation Policy, supposedly contained Guidelies for the Civil Aviation Authority, said Mr. Andrew Batesen, QC. "This was not guidance at all. It was orders and directions."

There was clearly a "direction" that Skytrain should come to an end.

The "guidelines" were outside the Trade Secretary's powers, having regard to the Civil Aviation Act 1971.

Opportunities

"The purpose of that Act is to secure that British airlines provide services that satisfy public demand, with a high standard of safety; give opportunities for participation by airlines other than those operated by the British Airline Board; further the country's balance of payments and further the interests of the users of the airline services.

"But the purpose of the guidelines was to secure that British Airways alone provided services to New York.

"It also deprives any other airline of the chance of participating and removes the decision of whether any other airline can participate out of the hands of the Civil Aviation Authority, and into the hands of British Airways or British Caledonian."

Mr. Laker, chairman of Laker Airways, is seeking a declaration that Mr. Peter Shore, former Trade Secretary, acted illegally in revoking Skytrain's licence in February.

The Department of Trade is contesting the case. The hearing opened on May 26, but was adjourned the next day for Laker Airways to amend its claim. The resumed hearing is expected to last for most of the week.

When the action opened last month, Mr. Bateson told Mr. Justice Mocatta that Mr. Laker had spent $71m. on three DC10 aircraft for Skytrain and would get no compensation.

He was granted a licence for Skytrain in September, 1972, by the Civil Aviation Authority.

In December, 1974, when U.S. permission to land needed only Presidential approval, British Airways applied "out of the blue" to have Skytrain's licence revoked.

The Civil Aviation Authority refused, but last July Mr. Shore announced in Parliament that he would not allow Skytrain to start. He revoked the licence in February.

Setbacks

Mr. Michael Eastham, QC, for the Department of Trade, read a statement sworn by an officer of the Department. It said that Mr. Laker had had "many opportunities" to make representations to the Trade Secretary in support of his case.

The representations were "fully considered" by the Minister before he reached his decision on Skytrain, which was taken in the context of "severe setbacks" suffered in the airline industry after the increases in oil prices.

The axing of Skytrain was in line with a policy decision not to permit competition among British airlines on long haul scheduled flights.

The hearing continues to-day.

United Glass furnace will stir competition

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

COMPETITION among the main glass container-makers will intensify significantly this summer now that United Glass, one of the industry's "Big Two," has brought its £8.5m. furnace at Alloa on stream.

This is one of the biggest bottle-making furnaces in the world, according to the company, and will help it to consolidate its position as biggest manufacturer of whisky bottles. United Glass supplies more than three out of four bottles to the Scotch Whisky industry, as befits a concern half-owned by Distillers Company.

It will now have more capacity at other plants to build up its share of other bottle markets. By shifting much whisky bottle production to Alloa from Peasley, St. Helens, for example, United Glass can concentrate more on supplying food and beverage industries from the Lancashire plant. The beverage market is the best growth area for the packaging industry with the switch to litre-sized soft drinks containers having a particularly significant effect.

Rockware, which like United Glass has roughly a third of the market, predominates in food glass containers.

Mr. John Small, managing director of United Glass glass container division, says there is no question of his company taking a particular aggressive stance, but "we intend to build up our share of the food and beverage container business to the level they really should be in relation to our total presence in the industry."

Bank of England offers staff early retirement

BY MICHAEL BLANDEN

THE BANK of England is offering a special voluntary early retirement scheme to a number of its staff members in an effort to cut expenditure.

It is part of the Government's measures to hold down public spending, including directives to departments and other State bodies such as the Bank to reduce overheads.

The Bank staff involved received a warning a few days ago that they could be required in the future to take a pension on less generous terms than at present.

The scheme provides for early retirement on normal pension together with a special cash benefit. The implication is that unless sufficient response is received then more positive action to reduce staff may become necessary later.

The scheme is thought to cover around 300 of the Bank's staff, and it is thought that perhaps 50 to 100 of these could accept.

It applies only to career members of staff at junior level and to supplementary staff—those who have joined at a later age. It is being offered to those in these groups who are within 10 years of retiring age.

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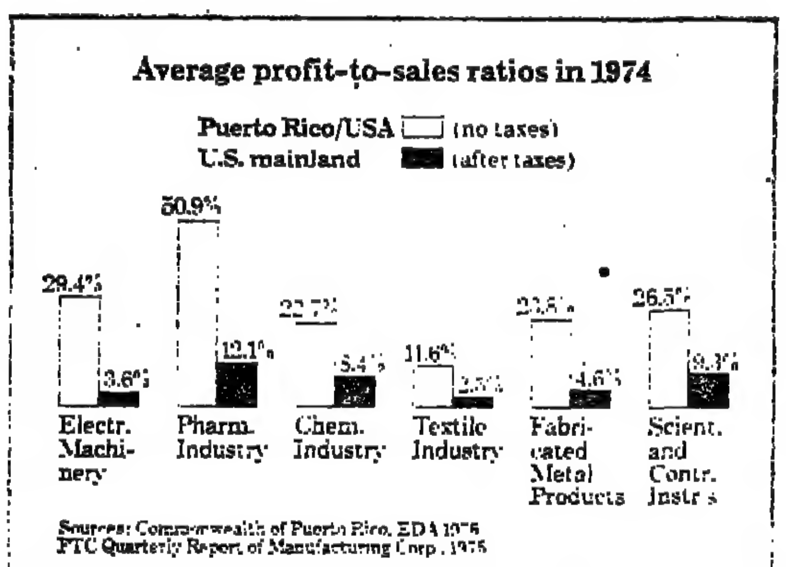

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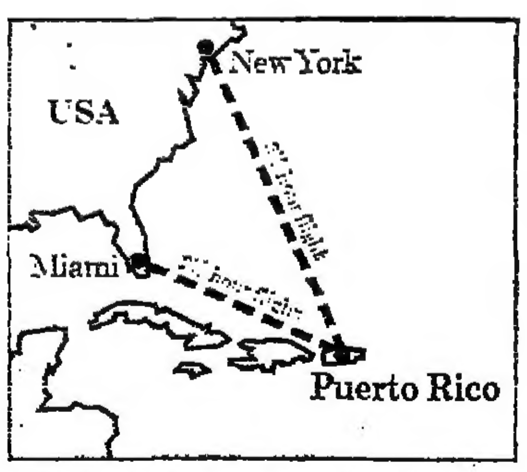

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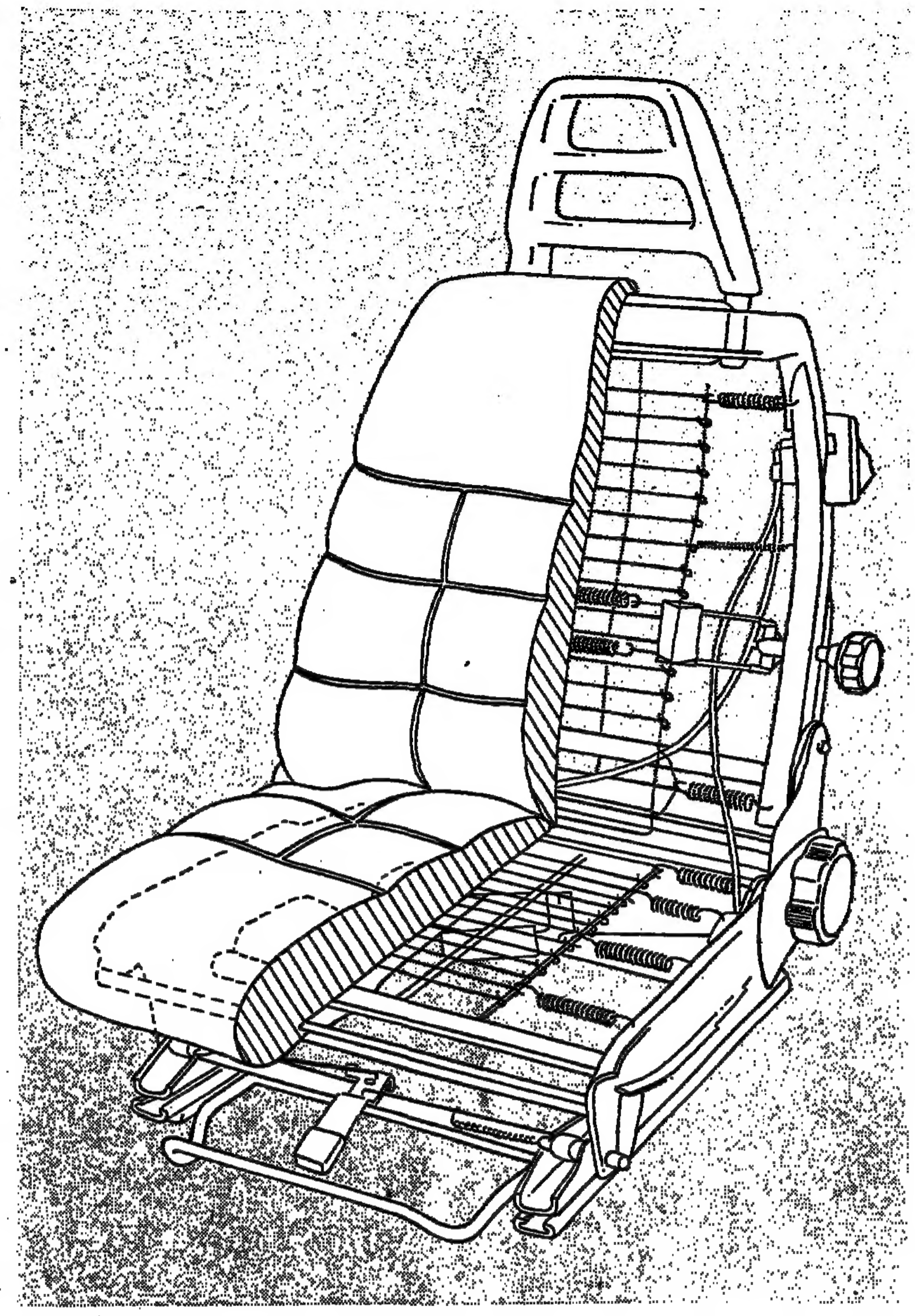

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VOLVO 264

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HOME NEWS

Imports deposits scheme needed urgently—Amex

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AN IMPORT deposits scheme is urged in the latest issue of the Amex Bank Review as the most direct method, despite the very real costs involved, of guarding against the need for further foreign borrowing by the Government and of buying time for the necessary budgetary and monetary measures to take effect.

The review, produced by the American Express organization, maintains that the U.K. economic strategy is at risk because a surge in imports over the next six months threatens to drive up the trade deficit and make necessary further foreign borrowing.

Other countries, such as Italy and Brazil, have used import deposit schemes with effect, and so long as it was announced as a temporary measure retaliation would be most unlikely, the article argues.

The scheme would, it is claimed, have the special advantages of involving a minimum of bureaucratic fuss, selectivity between major products and easy lifting, while also temporarily easing the burden of public borrowing and monetary management.

A 100 per cent. deposit scheme for six months on selected manufactures might raise $8bn. of "admittedly short-term money" and save about $1.6bn. on the trade balance in 1976. And insofar as the deposits are found from domestic sources the money supply would be reduced or the banking sector's reserve asset ratios lowered.

The article recognises that the introduction of such a scheme might damage rather than restore confidence and would not be favoured by the International Monetary Fund or other members of the EEC, but maintains that the alternative may be to continue to borrow overseas and the U.K. Government may find the strings attached to such loans increasingly difficult to justify to its electors.

Break-up of British Shoe chain urged in report

BY ARTHUR SMITH

BRITISH SHOE Corporation should be referred to the Monopolies Commission and its chain of 2,000 retail outlets broken up, according to a Government-sponsored study by management consultants.

Recommendations that the Government should take action about BSC because of its dominant influence on the footwear industry were contained in a report by the Economists' Advisory Group presented yesterday to the Footwear Study Steering Group—a tripartite body on which management, unions and the Department of Industry are represented.

Confirming the details about British Shoe last night, Mr. George Marriott, chairman of the Steering Group, said the consultants argued that, with a 25 per cent. share of footwear distribution in the U.K., the corporation exerted too great an influence on the manufacturing industry and perhaps on consumer choice.

However, Mr. Marriott stressed that British Shoe would be given every opportunity to state its case and that the EAG report was only one of many factors to be considered by the steering group.

The group was set up last year by the Government to seek a strategy for the survival of the footwear industry which has been hit by a falling home market and an upsurge of imports. Its recommendations to the Department of Industry are not expected until the end of October.

Mr. Marriott said the five volume report had been well received by the steering group and contained some "fresh and useful recommendations for the industry."

The report is understood to have been critical of management and recommended the recruitment of new talent and techniques, particularly on design.

The steering group also expressed its "grave concern at the high level and increase in imports in the first five months of 1976."

Imports, at 49m. pairs, were 14 per cent. up on the equivalent period of last year, but there is particular concern about the level of cheap imports from Eastern Europe, Spain and the developing countries.

The group is seeking a meeting with the Trade Secretary to press for some form of import controls. "Many hundreds of workers have lost their jobs this year and we must halt the decline as quickly as possible," Mr. Marriott declared.

Pardoe accuses Steel of waging smear campaign

BY RICHARD EVANS, LOBBY EDITOR

THE LIBERAL leadership contest reached new depths of bitterness yesterday when Mr. John Pardoe accused Mr. David Steel of taking part in a campaign of smear and character assassination—"the slow drip, drip of the total lie."

Mr. Pardoe, deeply wounded by what he regards as the unscrupulous tactics of his opponent, denied at Westminster he had made any personal attacks on Mr. Steel, although he was accused of doing so each day. He claimed that, unlike his opponent, he had followed the ground rules of the election which excluded personal references, and he now wanted to set the record straight.

Mr. Pardoe's outburst, backed by a statement outlining a long catalogue of "insults" from Mr. Steel and his supporters, suggests that the MP for North Cornwall feels the leadership slipping from his grasp. The result following polling by all affiliated parties will be declared on July 7.

Mr. Steel, MP for Roxburgh, Selkirk and Peebles, made an immediate attempt to cool the temperature by meeting Mr. Pardoe. It was, by all accounts, a stormy meeting, but ended on a marginally quieter note than it began.

Both candidates now hope to appear on BBC TV to-night or to-morrow in a joint interview that they hope will restore the campaign to a more serious political level. But, with feelings running so high, this is by no means guaranteed.

The two remarks that appear to have upset Mr. Pardoe most are the allegation that he wears a hair-piece and a quotation from A. A. Milne's House at Pooh Corner, with Mr. Pardoe being compared with Tigger the confused tiger.

'Humorous'

"And with one loud Worraworraworraworraworraworra," Mr. Steel declared last week, "he jumped at the end of the table cloth, pulled it to the ground, wrapped himself up in it three times, rolled to the other end of the room, and after a terrible struggle got his head into the daylight again, and said cheerfully: 'Have I won?'"

Mr. Steel said last night that he had tried to disabuse Mr. Pardoe of the idea that there had been any orchestrated campaign to denigrate him. He added that while he regretted the intrusion of personalities into the campaign the majority of personal remarks quoted were made in a humorous context.

Atlantic airline passenger loads rise

By Lorne Barling

PASSENGER TRAFFIC on North Atlantic airline flights, which showed a substantial increase in April according to latest figures, is continuing to build up with the upturn in economic activity.

Industry sources said yesterday that although airline load factors had improved, profit levels were still far below those required to generate sufficient capital for new investment. Nevertheless, the growing demand was encouraging.

In April the number of revenue passengers on International Air Transport Association scheduled and chartered flights increased by 19.1 per cent. compared with April last year. Cargo volume increased by 15.7 per cent.

Charter boost

On total operations, including charters, the number of flights increased by 2.2 per cent. and passengers by 22.6 per cent., reflecting a 52.5 per cent. rise in charter passenger flights.

This means that for the first four months of this year total revenue passengers on scheduled flights rose by 9.4 per cent., and cargo by 8.2 per cent., although this compares with a low base during the the first quarter of last year.

Airlines believe that the overall improvement in traffic has been maintained through the spring and early summer which is backed up by the difficulty which can be experienced in booking seats on some flights.

Chilean submarine delivery in doubt

BY HUGH O'SHAUGHNESSY

HYATT, an Oberon class submarine being built at the Greenock yard of Scott Lithgow for the Chilean Navy, will not be delivered until Chile fully regularises its contractual payments. This was stated in the Commons yesterday by Mr. Edward Rowlands, the Junior Minister at the Foreign and Commonwealth Office with special responsibility for Latin America.

Hyatt is one of two Oberon class vessels originally ordered by the Government of President Eduardo Frei shortly before he finished his term and handed over to Dr. Salvador Allende in 1970. Its delivery is due in August.

The original price for the two ships was £20m. payable in instalments up to 1980. The deal was financed by a City merchant bank and covered by the Export Credits Guarantee Department.

Hyatt's sister submarine O'Brien sailed for Chile from Portsmouth last week. Both vessels had been delayed by troubles affecting the cables installed aboard.

The Chilean have fallen behind in their payments since last year when Britain refused to reschedule Chile's outstanding debts due last year. The ECGD has been for the past 12 months compensating British suppliers to Chile who have not received their due payment.

Mr. A. Ross Belch, managing director of Scott Lithgow, yesterday said that he had no knowledge of the situation. "Until we hear to the contrary, we will continue to complete the Hyatt."

Mr. Rowlands' announcement is likely to anger the Labour Left. They have been pressing for a ban on the delivery of arms to Chile and the news that O'Brien has sailed will not be welcomed by them.

Surplus labour likely to cost Port of London nearly £7m.

BY JOHN WYLES, SHIPPING CORRESPONDENT

A LARGE surplus of staff and registered dockers is expected to cost the Port of London Authority between £6m. and £7m. this year, Lord Aldington, the port's chairman, said yesterday.

The annual report, published yesterday, shows a trading loss of £8.4m. last year, which is attributed to the recession in world trade, surplus manpower costs and the unofficial five-week strike in the enclosed docks.

Other items, together with a £20m. provision for land revaluation, mean a total £35.3m. reduction in authority reserves.

Lord Aldington, strongly emphasised the authority's concern about manpower. Prevented by the National Dock Labour Scheme from making men redundant, its average daily surplus of registered dockers was about 1,200, but on some days it climbs to about 2,000.

Whether a docker works or not, he is paid between £52-£60 a week at an annual cost this year of about £4.5m. The total will be taken to well over £6m by a surplus of staff who do not have the same degree of job protection as dockers, but whose numbers are being only slowly reduced by voluntary severance.

Lord Aldington said in a veiled attack on the Dock Labour Scheme's failure to achieve the necessary balance between docker supply and demand, that there was no reason why the authority should not be profitable, provided that it could employ its staff on "reasonable" conditions.

"I cannot believe that it was the intention that commercial ports such as London should be paying 1,200 or more surplus men per week a full rate of pay."

The authority could not remain competitive if it had to try to recover the costs of a permanent manpower surplus through its charges.

Lord Aldington left no doubt that the authority was telling the Government that it wanted the costs removed or the scheme modified, possibly through an increase in severance payments, to achieve the objectives for which it was created.

The authority's loss so far this year had been substantially reduced and was running at about £500,000. This was because trade had been better than expected, with container traffic holding steady and oil traffic higher than predicted.

Total amount of cargo passing through the Port of London last year was 6m tonnes (11 per cent.) down on 1974. Container cargo in the enclosed docks was down by 17 per cent. and general cargo by 32 per cent.

Plants to re-open after blast

BY RAY DAFTER

DOW CHEMICAL hopes shortly to reopen much of its manufacturing base at King's Lynn, which was damaged in an explosion on Sunday.

One man died in the accident, which destroyed one chemical plant and shut down five others.

Officials arrived from the group's U.S. headquarters last night to take part in the inquiry into the explosion in a poultry feed additive plant.

The cause of the blast and the full extent of the damage have still to be determined.

All orders in hand would be met, either from stock or from overseas plants. None of the 240 employed at King's Lynn had been laid off.

Dow hopes that three of the remaining five plants which produce foamed polystyrene and herbicides, will be reopened in a few days.

Post Office recovery may exceed £150m.

BY OUR INDUSTRIAL STAFF

SPECULATION is mounting about the level of profit which the Post Office managed to record last year on telecommunications in the wake of two hefty price increases.

On present trends it seems likely that the surplus was more than £150m., and therefore perhaps double the £80m. profit forecast at the time of the last tariff increase.

However, the corporation last night dismissed as "exaggerated speculation" reports that telecommunications profits would be as high as £250m.

The corporation, sensitive about criticism that it has again got its sums wrong, is keeping secret the accounts for 1975/76 due to be released to Parliament at the end of next month.

The turnround from an overall deficit of more than £308m. in the previous year is dramatic. While it will help the Post Office in its declared aim of generating more investment internally, it poses difficult political problems at a time when the private sector is pressing for more freedom on pricing in order to generate much needed investment.

In explaining its profitability the Post Office can point to the success of the £6 wage limit—the corporation has a workforce of more than 450,000—and to the upsurge in the national economy. Efforts have also been made to cut costs.

Postal services, which at the time of the last increase were expected to lose £70m. in 1975-76, seem likely to cut this deficit to between £40m. and £50m.

Postal operations are expected to move into the black in the current year.

Nation Life costs ruling queried

By Eric Short

THE TREASURY Solicitor, acting for the Department of Trade is to seek a High Court hearing to consider the basis on which costs were made out to the solicitor and counsel acting for Mr. Gerry Weiss, senior partner of chartered accounts, W. H. Cork, Gully, liquidator of the failed life company, Nation Life Assurance.

At the hearing last October the judge ruled that the costs should be assessed on a "trustee" basis. The Treasury considers that the "common funds" basis would be more appropriate, the "trustee" basis being the highest in the scale. There are fears also that the judge's ruling could create a dangerous precedent for other liquidation cases.

Christopher Hill writes: In a winding-up petition against Fidelity Life yesterday, Fidelity Corporation, U.S. parent of the failed U.K. life company, made an improved offer to pay off unsecured trade creditors whose debts were less than £750.

Unionist Coalition averts split over SDLP talks

BY OUR BELFAST CORRESPONDENT

THE UNIONIST COALITION last night avoided, at least for the time being, totally breaking up over the issue of the constitutional talks with the mainly Roman Catholic Social Democratic and Labour Party.

After a three-hour meeting in Belfast coalition members unanimously adopted a resolution making it clear that only the official Unionist Party was involved in the search for an agreement with the SDLP.

The resolution said the Unionists appeared to have accepted that they had no mandate for the discussions from the Coalition. But it also seemed that those opposing the talks were not prepared to see the three-year-old alliance collapse.

The meeting came after an act of defiance by the official Unionists who held their eighth meeting with the Social Democrats yesterday morning in the face of bitter criticism from the Rev. Ian Paisley.

As the meeting began last night official Unionists were angry because of the Democratic Unionist Party's announcement that it would campaign to become the largest single party in Ulster politics.

Mr. Merlyn Rees, the Ulster Secretary, has meanwhile announced changes in the Police Authority which is responsible for the day-to-day running of the Royal Ulster Constabulary. He has replaced seven of its 17 members and appointed two new nominees giving the authority a larger representation from local authorities.

Labour cheers for new MP

LABOUR MPs cheered when new Rotherham MP, Mr. Stan Crowther, arrived at the Commons yesterday to sign the Members' roll.

Mr. Crowther won the seat in last week's by-election although with the much reduced majority of 4,527.

Government urged to look into effects of foreign investment

FINANCIAL TIMES REPORTER

A REPORT published to-day urges the Government to make a detailed investigation into the effect the activities of British and Foreign multinational companies are having on the structure of the U.K. economy.

Its authors, Mr. Tom Houston and Professor John Dunning, says that the Government's existing policy towards overseas investment derives from no general principle and has been largely ineffective.

"Exchange control policy based on anticipated rate of remittance of funds supplied from the U.K. applies to only a fraction of total overseas capital expenditure.

"Similarly, policy grounded on the assumption that foreign and domestic investments can be regarded as substitutes for each other is seldom applicable."

The report based on five years' research contains an analysis of trends in direct overseas investment; a description of the way companies have expanded their overseas operations; an assessment of the profits earned on overseas investment; and a review of the costs and benefits associated with overseas investment.

In the authors' view, the balance of payments effects provide an inadequate basis for assessing the total impact of overseas investment on the economy.

The sum of remitted income less capital supplied from this country represented a sizeable contribution to external account, although this had been equal to no more than 6-8 per cent. of the value of U.K. goods exported over the last ten years.

The gains to the U.K. from a particular company's decision to invest overseas might have less to do with exports than with the effect on that company's world-wide market position and the influence this might have on its product development and its manufacturing efficiency.

The Government and multinational companies were bound to have "differing perceptions" about overseas investment. This was because from the Government's point of view the value of exports was nearly ten times more than the total credits from overseas investment, whereas for most multi-nationals the contribution of overseas investment to profits was nearly ten times greater than profits earned on exports.

Two main categories of competitive advantage were especially important to the U.K.: those gained by firms which, having insufficient revenue to maintain a competitive rate of innovation, doubled or even trebled their revenue by direct investment and licensing; and those gained by effective use of technical feed-back or marketing experience obtained in one major industrial market.

Beecham, for instance, described its experience in the U.S. market as the most important factor contributing to its success elsewhere.

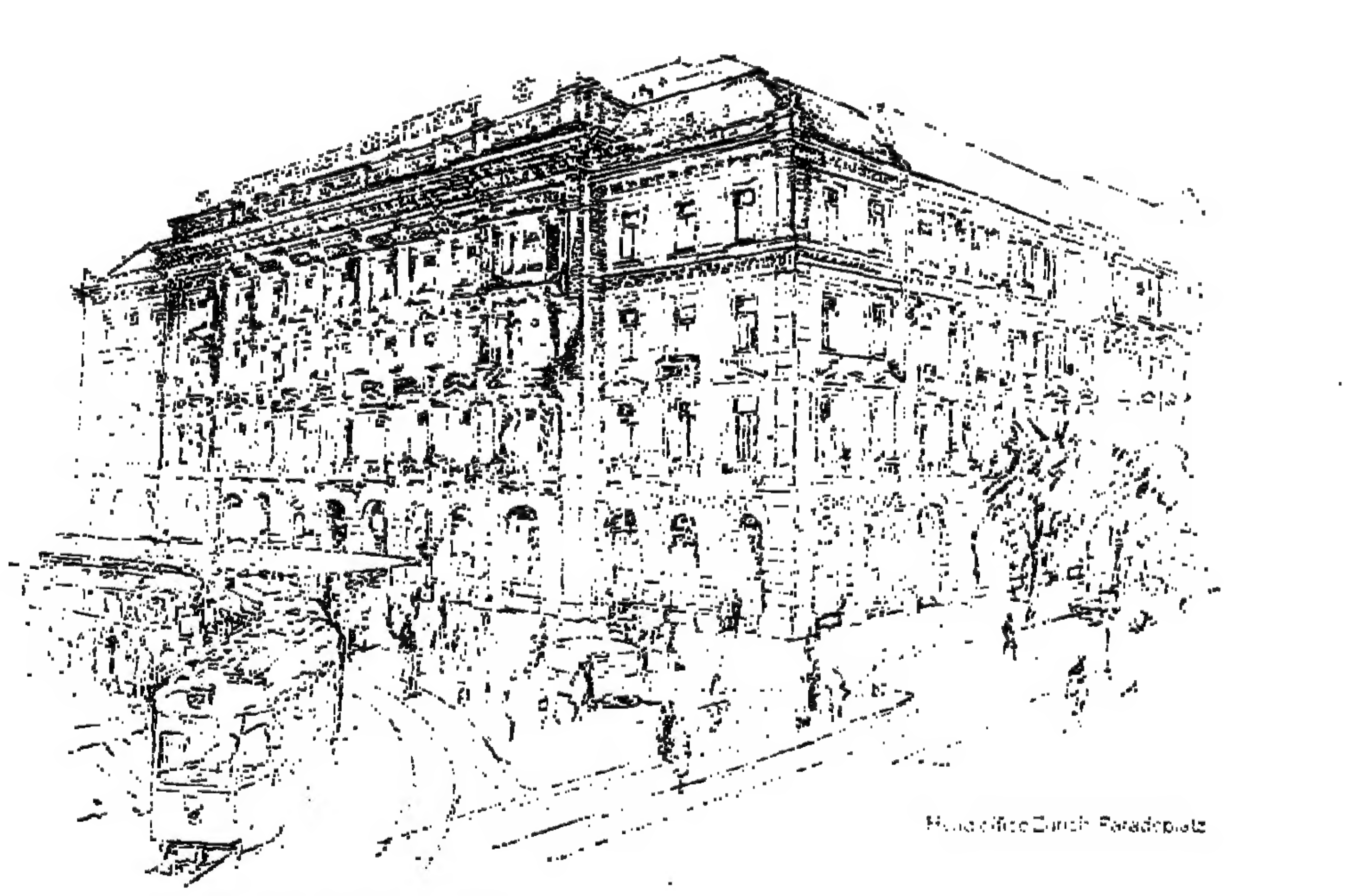
On the basis of a detailed study of financial results, large companies with operations in many overseas countries tended to achieve below-average performance. This appeared to be due to weaknesses in organisation and control which were being put right.

The authors are disturbed by the evidence of a continuing increase in investment overseas at a time when the U.K. is in urgent need of new investment at home. "The upsurge of production by U.K. firms in other parts of the EEC, which *prima facie* seems to be directly competitive to production in the U.K., is a case in point.

"The fact that British firms are increasingly supplying Continental markets from local facilities, while European firms choose to service the U.K. market by exports rather than local production, clearly suggests that the U.K. is becoming less attractive as a production base."

Vigorous and constructive government action was necessary to make the U.K. a more attractive production base. It was difficult to believe that controls on overseas activities could serve a useful purpose or that capital resources so released could be more profitably deployed by the same companies at home.

U.K. Industry Abroad, an Economist Business Research Study published by the Financial Times, price £60 (plus postage and packing), available from Financial Times Ltd. Business Enterprises Division, 10 Bolt Court, Fleet Street, E.C.4.



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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

8m. pounds of pressure

A NEW research tool for creating pressures higher than 8m. psi has been successfully tested by a scientist at General Electric Company of the U.S. Research and Development Centre.

To achieve and maintain such high pressures, research engineers designed a pair of unique tungsten-carbide pistons tipped with thousands of industrial diamonds.

The half-inch long pistons were installed one above the other in a hydraulic press that forced them together to generate these immense pressures. Without the diamond tips, the tungsten-carbide pistons would have shattered or deformed at pressures less than half as high.

Ability to create pressures of this magnitude may lead to the creation of entirely new forms of known substances, and may provide clues to how materials behave at great depths beneath the surface of the earth.

That such pressures were reached was confirmed by measuring the electrical resistance behaviour of a series of iron-cobalt alloy strips inserted between the two opposing diamond-tipped pistons. As the specimens were subjected to increasingly higher pressures, their structure changed, causing the electrical resistance to increase abruptly.

Samples which can be handled measure up to about 1 mm in diameter and several tenths of a millimetre thick.

● BANKING

Safeguards electronic payments

TWO NEW British electronic message-security devices, the Minitronic Hex 97 Securicoder and the Minitronic AM400 Automatic Masterfile combine to provide the maximum security, strict secrecy and absolute accuracy which are essential for banks when carrying out the complex process of authenticating payment messages transmitted or received through SWIFT.

Authentication involves the application of a complicated mathematical procedure to the whole of the message text and also includes the use of an "Authenticator Key" agreed between the sending and receiving banks and known only to them, but not to any other party (not even SWIFT). This is unique to each pair of correspondents and is composed of a permutation of 16 hexadecimal characters each of which is used once and once only. This key ensures that the result of the algorithm can only be generated and/or checked by the sending and receiving banks. Since a bank may have several hundred correspondents, problems involving security, secrecy and accuracy are bound to arise, particularly in regard to the file of correspondent "Authenticator Keys."

Masterfile has a magnetic memory which can permanently store up to 400 16-hexadecimal character correspondent keys each of which has been check-digit verified and pre-recorded remotely by authorised personnel using the Securicoder.

After the Masterfile operator has turned the name selector wheel to the "plain language" name of the required correspondent bank, it only needs the touch of a single button for the complete correct "Authenticator Key" to be transferred automatically in ASCII code to the Gretacoder 915 (the SWIFT Authenticator used for teleprinter or telex messages) or similarly to a SID (SWIFT Interface device) or CBT (Computer based terminal).

Minitronics on 324 Euston Road, London NW4 3DN. (01-387 0505).

Up to the minute currency

INTERNATIONAL TREASURY Management Division of Marine Midland Bank is participating in the General Electric Mark III network information service to provide subscribers in many countries throughout the world with up to the moment information about currency exchange markets.

The service—based on a computer super-centre in the U.S.—allows subscribers to the bank's system to make properly valued judgments in determining the measures which will minimise foreign exchange risks. It provides input for subscribers' own accounting and reporting systems.

To provide this service for its subscribers Marine Midland has developed a computer program called "MARINFO" which performs the necessary calculations and prints a completely optional selection of foreign exchange reports.

By running the program over the network, users can extract the information they need to determine their strategy in foreign exchange and money market decision making. Twice each morning and once each afternoon, the International Treasury Management group in London loads exchange rates and currency data into the Mark III service. *Similarly the parallel* group at Marine Midland's offices in New York loads U.S. rates and domestic money market information.

This enables European subscribers to review the opening of the New York trading day and for subscribers on the American continent to assess the position on both sides of the Atlantic before deciding their foreign exchange strategy.

Further from Honeywell at Honeywell House, Great West Road, Brentford, Middx. (01-568 9191).

● ELECTRONICS

Magnified display

LITRONIX has a new low-cost alphanumeric display which contains four 16-segment LED characters. This common-cathode display has the four characters mounted together with an integral magnifying lens on an edge-connected, end-stackable p.c.b. The unmagnified height of the characters, which are slanted at 5 degrees, is 0.16 inch.

Low-power operation is combined with high-contrast daylight viewing and high legibility at distances of up to five feet. Typical operating characteristics include a forward voltage of 1.65V at 10mA, reverse current of 100uA at 3.5V, and a luminous intensity of 0.5mcd at 10mA.

Litronix, 24, Sun Street, Hitchin, Herts SG5 7AH. Hitchin 56322.

● METALWORKING

Ram borer from Poland

MARINE ENGINE bed plates, rolling mill housings and similar large heavy steel fabrications can be milled and bored on a horizontal ram machine from Poland.

Called the Defum WHB 150, the horizontal travel of the ram over the bed is 7,000 mm and the vertical travel of the head is 3,000 mm. The 150-mm diameter spindle has an ISO 50 taper, and incorporates powered tool ejection and locking. If required the machine may be fitted with Philips digital read-out on all three axes. Hydrostatic lubrication of the bedways is standard.

Marketed in the U.K. by W. E. Norton (Machine Tools), Orgreave Close, Sheffield S13 9NP (0742 697341).

● PROCESSES

Wide cutter easily assembled

SPAIN has taken the first of a new type of 1700 mm wide accept/reject cutter/sorter for continuous operation on coated papers, designed and built by Strachan and Henshaw in the U.K.

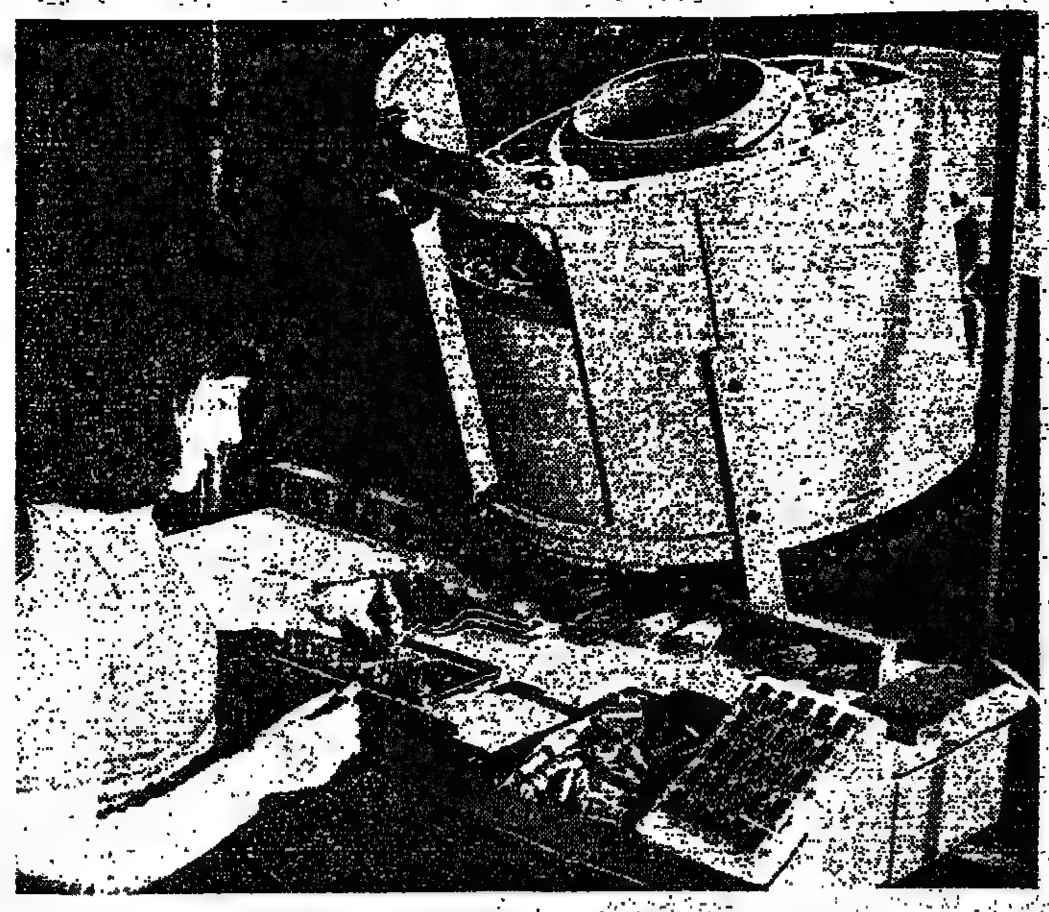
It is equipped with scanning equipment able to detect holes, bumps and creases, as well as splices and black marks.

Twin deliveries lead to two stacks—one is for quality sheets and the other for rejects which are nevertheless stacked tidily for subsequent hand sorting.

This not only reduces waste but also makes it easier to evaluate the reason for rejection and take appropriate action on the machine or with the supplier. Feed can be switched over so that one pile can be dealt with during operation.

The design of the equipment is such that although it is physically quite a large machine, it was possible to ship it in five sections which were assembled on arrival and put into operation in just one week.

Strachan and Henshaw, on Bristol 558281.



Developed by Kodak AG in Germany, this unit is used to assemble printed circuits for Kodak "Carousel" projectors and accessories. The printed circuit lies in a frame on the workbench. The components to be added—such as diodes, resistors and rectifiers—are stored above the workbench in revolving trays with 12 or 24 components arranged on three levels in a protective motor-driven housing. A projector mounted in the upper part of the installation projects, via a mirror, on to the printed circuit to be assembled. The image provides various items of information including the number of components to be taken from each of the three levels and from the individual compartments (for example, three components from compartment 7 on the medium level) and the precise areas on the circuit that are to receive the components. Kodak on Hemel Hempstead 61122.

● DATA PROCESSING

New sales drive by BCL team

WITH THIRTY sales of Molecular 16 under its belt in *the past year at an average* price per sale of around £20,000 and a market base of over 1,000 machines (180 Molecular, the rest Sadie and Susie), Business Computer (Systems) is a very different proposition now from the crumbling company rescued by Computer World Trade some two years ago.

It is, according to Derek Royle, chairman of BCL and head of CWT: "Ready to take off." This is why the extremely successful three-man sales team *from* Singer, which put the latter's small business machines and intelligent terminals on the map in the U.K., has joined the company and taken three senior jobs in a reconstructed board.

There is confidence in the financial community in the ability of BCL to make a go with this team—under the CWT wing — and substantial backing has been been made available by an unnamed consortium to bolster a sales push. Whatever the financial arrangements may be, BCL is firmly anchored to the group because of the support services provided by Computer Field Maintenance. This is another associate of CWT.

It has been made clear to BCL owners that anyone who goes outside CFM for maintenance, will get short shrift from BCL.

This looks very like a locked-in position. But it is an understandable move because CWT, in Royle's words, has been "rescued from the gates of catastrophe and made into a viable proposition." At the same time, CFM has expanded its operation to a turnover of about £2m., which is considerable in pure maintenance terms.

The whole picture is one of a bustling group poised to offer *existing Singer users in the U.K.* what the group claims to be an easier transition—to Molecular or to a new machine still in the wings—than from Singer to ICL equipment.

With BCL on its own feet since last September and providing lucrative software and enhancement services for its big market base, it would be in the interests of users to avoid rocking the boat; this only makes it harder to row.

Business Computers (Systems), North Street, Portslade, Brighton, Sussex BN4 1ER. 0273 413211.

IN BRIEF

● Centre-file is providing the ASSET international stock investment service to banks, building societies and other financial institutions managing large international investment portfolios. ASSET (Automated System for Security Entries and Transactions) maintains records of all aspects of a customer's portfolio holding. This information is updated daily so that it is current and accurate. Extensive use of microfilm allows the prime information stored in ASSET to be accessed immediately by investment managers. Centre-file on 01-405 8700.

● Software Sciences in co-operation with Flight Navigation has completed a one year study of aircraft flight deck documentation for the Civil Aviation Authority. It covered a review of on-board data requirements, and included an examination of current and forecast technological resources which might be applicable to in-flight information processing. It concluded with a plan for the solution to the problems involved. Farnborough 44321.

● A guide on how to develop, run and maintain programs efficiently and with the least cost has been published by Infotech International. It describes the Michael Jackson structured program design technique, which is being effectively used by many international computer installations. Maidenhead 32588.

● Control Data Corporation and the Institution of Electrical Engineers have announced the establishment of a jointly-developed service to make approximately 15,000 scientific references available each year through Control Data's worldwide Cybernet data service. Technology Innovation Alert (TINA), is designed to make information on technological advances quickly and economically available. IEE on 01-240 1871.

● SECURITY

X-ray finds contraband in baggage

SECURITY SCREENING of passengers' luggage and cargo items at transport terminals can be carried out with three new machines which enable security staff to inspect the contents of packages rapidly and accurately for weapons, explosives, contraband or livestock, without the trouble of opening each item.

Designated the X-Checker range, they combine the latest X-ray technology with a television camera system to produce detailed pictures on a TV screen. The three systems have specific applications — in postal sorting and cargo areas; passenger lounges (a mobile version); and a check-and-weigh model designed to replace the standard airline check-in desk.

It is claimed that the definition is sufficient to show thin fuse wire. A zoom facility is provided for close inspection of any desired area in the picture. Simply operated, the systems are stated to be safe in use for both the operator and the passengers.

Details from Pantak (EMI), Vale Road, Windsor, Berks. (Windsor 55811), an EMI Group company.

LAING
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● TRANSPORT

Automatic transmission for heavies

SHOWN LAST week at British Army Equipment Exhibition was a fully automatic heavy duty tank transmission, the TN 37, developed by David Brown Gear Industries, Park Gear Works, Huddersfield, HD4 [illegible] (0484 22180), a subsidiary of David Brown Holdings.

Providing four forward speeds and three in reverse, the transmission uses epicyclic gear trains in conjunction with a regenerative double differential hydrostatic steer system. There are two in-line outputs at right angles to the single input. Flexible gear couplings are fitted to the outputs for connection to the final drives. Designed for use with the Rolls-Royce CV12, the maker says the transmission can be matched to any engine with similar torque characteristics.

Full load, brake and hydraulic test bed installations are in extensive use to verify the performance of component parts of the transmission system under operating conditions.

Yorkshire traffic planning

LEEDS and Bradford are to have computerised traffic control under an order for the implementation of a computer complex for the West Yorkshire Urban Traffic Control Scheme.

The £600,000 installation will be one of the largest new generation computer-based control networks, approximately double the size of anything previous. It will be based on two Ferranti Argus 700S computers, running in main and standby configurations, used in conjunction with Type 40,000 data communication equipment.

When the installation phase is complete in two years' time, Leeds and Bradford traffic controllers, working completely autonomously and located in separate control rooms, will have control and timing of 195 traffic signals and other devices. Of these 115 will be located in Leeds and 80 will be in Bradford.

Ferranti, Hollinwood, Lancs. (061 681 2000).

German plan for massive automation

PROBABLY the biggest terminal order ever placed has been awarded by the German Federal Railways to the Triumph-Adler Office Machines and Computer Group.

Worth £30m., it is for the largest technical information system in the Federal Republic. Under it, Triumph-Adler will supply more than [illegible] intelligent terminal computers over the next few years for the German Federal Railways integrated transport control system (ITS).

The terminal network will cover the entire Federal Republic, and is a component part of a major computer system, which the Federal Railways are setting up to deal with all data processing, both freight and passenger transport.

The ITS system is hierarchical in concept, and will consist of central mainframe computers, nine regional computer centres, about 90 data concentrators, and the terminal computers which will be located at railway stations and goods depots.

Adler, Jordan House, Brunswick Place, London, N1 [illegible] (01-251 2712).

● COMPONENTS

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PROBLEMS OF preparing one-off printed circuit boards may be simplified with a dry transfer system from Mecanorma, [illegible] Central Street, London, EC1 (01-253 0261).

Eliminating the production of costly artwork, photographic and silkscreen stages in pcb production, the various symbols are supplied in strips and are positioned on copper-clad board by rubbing with a spatula. Burnishing with the silicone section sheet improves adhesion.

The symbols are joined by flexible adhesive tapes, following the circuit design, and the circuit can be easily altered or corrected. When completed, it is etched in the usual way, the transfers resisting the etching solution.

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COMPANY NOTICES

GOLD FIELDS GROUP

DECLARATION OF DIVIDENDS—UNITED KINGDOM CURRENCY EQUIVALENTS

In accordance with the Standard Conditions relating to the payment of the dividends declared by each of the undermentioned companies on 6 June 1976 payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of R1.544765 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 26 June 1976 as advised by the companies' South African bankers.

The United Kingdom currency equivalents of the dividends are therefore as follows:—

Name of Company (Each incorporated in the Republic of South Africa)	Dividend No.	Amount per share
Doornfontein Gold Mining Company Limited	29	14.18367p
East Driefontein Gold Mining Company Limited	6	32.65717p
Kloof Gold Mining Company Limited	13	14.24165p
Libanon Gold Mining Company Limited	12	25.83991p
Venterspost Gold Mining Company Limited	12	3.23674p
Vlakfontein Gold Mining Company Limited	46	4.53143p
West Driefontein Gold Mining Company Limited	47	93.86543p

LONDON OFFICE:
49 Moorgate,
London, EC2R 6BQ.

UNITED KINGDOM REGISTRAR:
Lloyds Bank Limited,
Registrar's Department,
Goring-by-Sea,
Worthing,
West Sussex BN12 6DA.

28 June 1976

By Order of the Boards,
C. E. WENNER.
H. J. GREEN.
Joint London Secretaries

RAND MINES LIMITED

(Incorporated in the Republic of South Africa)

DIVIDENDS

[illegible]

COMPANY NOTICES

BRAZILIAN INVESTMENTS S.A.
SOCIEDADE DE INVESTIMENTO
DECRETO-LEI No. 1401
NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

[illegible]

LEGAL NOTICES

No. 002163 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of INTERCONTEX PUBLISHERS (ENGLAND) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding-up of the above-named Company [illegible]

No. 002088 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of CHARESIDE DISPLAYS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding-Up of the above-named Company [illegible]

No. 002091 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of T. KAPIZAS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding-Up of the above-named Company [illegible]

In the Matter of ADVERTISING AGENCY POSTER BUREAU LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company [illegible]

Dated this 18th day of June, 1976.

هكذا من الأصل

PARLIAMENT

Foot denies search for leak culprit is half-hearted

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT last night assured the Common that Ministers will e xamine what further action should be taken to solve the mystery of the leakage of Cabinet papers if the present inquiry fails to come up with the answer.

Tory criticism of Government action to deal with disclosures of Cabinet information was defeated by a Government majority of 27 (294-267).

Mr. Michael Foot, Leader of the House, rejected Opposition accusations that hte Government was no more than shadow boxing over the issue.

Mr. John Peyton, from the Tory front bench, charged Ministers with half-heartedness in their protestations of determination to get to the bottom of the leakage of information on the Cabinet decision to shelve the child benefit scheme.

But the Prime Minister will make a further statement to the Commons on the matter when he has received the final report of Sir Douglass Allen, head of the Civil Service, who is conducting the inquiry into the leakage.

This promise by Mr. Foot, along with vehement repudiation of the Tory charges of dilatoriness, failed to impress either the Opposition or the Liberals.

Mr. Emlyn Hooson, from the Liberal benches, suggested that Mr. Foot's defence of the Government's position was little more than "windon dressing."

Mr. Edward Heath, from below the gangway on the Tory side, stressing the importance of Cabinet confidentiality, nevertheless urged the need for more open government.

This was Mr. Foot's theme while he urged the House to be patient and await the conclusion of the Allen investigation before decisions were taken on the next step. But his assurances fell just a little short of a Government commitment that another step would indeed follow.

Mr. Payton said the Government's action over the leak of confidential Cabinet papers had been "timid and half hearted."

It was impossible to overlook the remarks by Mr. William Price, Parliamentary Secretary at the Privy Council Office, and "the charges he levelled against his colleagues, and their advisers, that there has been a conscious premediated leakage of top level discussions and decisions, for the most doubtful reason."

MR. MICHAEL FOOT

Call for patience

There had been no public disent by the Government over Mr. Price's remarks.

Mr. Peyton added: "Apparently the Government shares his view and presumably they also agree with him that this is not an *isolated incident, but part of a* long process.

Timid

"If that is so and has been their view for some time, why did they wait so long until something really serious occurred before they took action, and why, when they took action, were they so timid and half-hearted in what they did?"

He wanted *Mr.* Foot to say whether he saw any connection between such leaks, which were now becoming very frequent, and the cessation in recent years of *the ruling requiring civil servants* to be apolitical.

He asked hether Mr. Foot saw any risk in the appointment of special political advisers.

MR. JOHN PEYTON

'Half-hearted action'

Mr. Peyton said no system of government in the world, however open or pure, could be entirely without some clothing of secrecy on its procedures. "Ministers, and their advisers, must be able to trust one another to resist the temptation, having lost the argument in private, to bring the issue into the public arena by means that are dishonourable as well as unlawful."

There had been allegations in *the last few days by a large* number of bodies, that classified information was readily available. "I hope Mr. Foot will be able to say it is not true."

He was challenged by Mr. Robert Mellish (Lab., Bermondsey), former Government Chief Whip, to say what happened between 1971 and 1974, when the Tories were in power.

Mr. Peyton said: "I am not making the point that it originated with the present administration. 'You did it too' is a quite unsatisfactory defence. If that is used, it indicates the unwillingness to deal with the present problem."

He added: "The crucial point is that all of us who wish to see Parliamentary government survive in this country, whether we deplore or detest particular policies, must share the over-riding concern that the rules and procedures of this place and of government as a whole, which are the sinews of the system, should not be eaten away."

There was an obligation on the Opposition to refrain from "licking its chops" and savouring the Government's embarrassment. But there was also an obligation on the Government to keep Parliament informed and to satisfy it that the proper action was being taken.

Mr. Peyton said the Prime Minister's statement last week on the leak showed commendable candour but subsequent action had not matched up to it.

Mr. Peyton said he had a great deal of sympathy for Sir Douglas Allen, who was "digging without a spade," and did not have the machinery to conduct such an inquiry.

Mr. Peyton appealed to the Government not to rule out the possibility of setting up a tribunal of inquiry, a Select Committee of the House or a committee of Privy Councillors.

A *thoroughly* unpalatable situation confronted Parliament and the nation—that there was someone in the "highest reaches of government" who was willing to give, or to sell, something they had no right to.

Mr. Peyton claimed that such acts involved "a gross betrayal *of trust." They had the effect of* bringing great mistrust upon the innocent. The Government should spare no effort to find out who had done this "grave thing."

He hoped the Government would tell the House during the debate what Sir Douglas had found out, if anything, and what they intended to do. "If not, we shall be driven to the conclusion that they are shirking their duty."

Mr. Eric Moonman (Lab., Basildon) said it was impossible to conduct the affairs of the nation by inviting the culprit, who leaked the information, to own up.

"No organisation—and certainly not a Government—can hope to have credibility with the nation if it does not show it has the strongest possible measures to ensure that this sort of thing does not happen."

Mr. Hugh Fraser (C., Stafford and Stone) said: "It is not just a matter of loose mouths in Cabinet, but loose fingers getting hold of Cabinet documents. This is the alarming thing about what is happening."

Mr. Foot said the clash between the desire to protect the confidentiality of Cabinet documents and the desire for open government was between two rights. It was not between a wrong and a right.

The situation was not made easier by the fact that over it like an unruly elderdown, flopped the Official Secrets Act, which was either unusable or might be suffocating. "If you turn over on one side you open an aperture, and if you turn over on the other side it falls off the bed altogether."

Mr. Foot said that before the Prime Minister left for Puerto Rico, Sir Douglas Allen had given him an up-to-date report on the inquiry.

The final report would be given to Mr. Callaghan on his return, and the Prime Minister would make a statement in the House when he had considered the matter.

Having set up the Allen inquiry, it would be useless and improper for MPs to intervene and suggest some other way of dealing with the issue. The Government would make up its mind on the next step on the basis of the report.

He repudiated Mr Peyton's accusation that if the Government did not say to-day what it intended to do it would be shirking. "It is not shirking, it is common sense."

Mr. Foot said he would not give an assurance that the report would be published when it was received. When the Prime Minister reported *to the House* he would deal with the question of pubilcation.

"I doubt very much whether a tribunal of inquiry is the best way of dealing with this, although nothing is excluded," he *said.*

Mr. Hooson said that if the leak had occurred 25 years ago there would have been great public indignation.

He believed in open government but in any democratic society there were spheres where confidentiality was needed. They should be limited to the minimum but should have the strictest possible rules.

MR. EMLYN HOOSON

Spheres of confidentiality needed

MP warns on free speech – and rights

[FR]EE SPEECH should not [inc]lude "gloating over the death [of] one citizen and encouraging [the] deaths of others," Mr. Phillip [Wh]itehead (Lab. Derby North) [sai]d in the Commons yesterday.

[H]e referred to Press reports [of] a statement attributed to Mr. [Ki]ngsley Read, Leader of the [Nat]ionalist Party, in which the [dea]th of an Asian youth was [ref]erred to as "one down and 1m. [to] go."

Mr. Whitehead declared: "[M]any of us feel that while free [sp]eech is a precious right of [eve]ry citizen it cannot abrogate [the] civil rights of others."

Mr. Sam Silkin, Attorney [Gen]eral said that this matter had [be]en referred to the Director of [Pub]lic Prosecutions on June 16. [Po]lice inquiries had started and [a] report would be submitted to [th]e director.

"I shall then consider the [ev]idence and decide what further [ac]tion is required," Mr. Silkin [sa]id.

He agreed with Mr. Robert [Ad]ley (C. Christchurch and [Ly]mington) that it was not desir[ab]le to create martyrs, particu[lar]ly if, in the process, they were [ac]quitted of the offence with [wh]ich they were charged.

House notice offensive, says Peer

[SO]ME OF the media had been [bu]ilding Robert Relf into a kind [of] hero or patriot when he was [no]thing of the kind, Lord [Br]adwell (Lab.) said in the [Lo]rds yesterday.

The notice outside Mr. Relf's [ho]use, "For sale to an English [fa]mily," was at least as offen[siv]e to the Scots, Welsh and [Ir]ish as to any other race, he [ad]ded.

Lord Harris, of Greenwich, [M]inister of State, Home Office, [sa]id that the issue was for the [co]urts and the Government had [no] power to give instructions [fo]r the removal of the sign. [Pr]oceedings under the Race [Re]lations Act were specifically [re]stricted to the Board and could [on]ly be brought by them.

Lord Harris agreed that Mr. [Re]lf "has now secured more [th]an enough publicity."

Lord Bradwell said he had [be]en in a Parliamentary delega[tion] which had gone to Buchen[wa]ld concentration camp in April [19]45. The ultimate horrors of [th]ese camps had started off with [ap]parently relatively trivial [ra]cialist propaganda.

Lord Harris agreed and said [th]at nobody would want to [un]derestimate the dangers in[vol]ved in this situation. There [we]re extremists from right and [lef]t who had a profound con[tem]pt for the rule of law and the [st]andards of a democratic [soc]iety.

Peer, 92, says he wants to keep out kilo and litre

[LO]RD SHINWELL warned in [th]e Lords yesterday that he [wou]ld vote with the Opposition [if t]hey pressed proposed changes [in] metrication legislation.

Lord Shinwell, 92, told peers [dur]ing the committee stage of [the] Weights and Measures (No. [2]) Bill: "I have not now got [tim]e to get used to words like [gra]m and kilo. I prefer other [wor]ds which have survived the [rav]age of time and I do not [wan]t words like this foisted on [the] British public."

The Bill provides the powers [for] the transition from imperial [to] metric measures in the [pac]kaging of food.

Lord Oram, Government trade [spo]kesman told him: "I believe [you] have the time to learn the [new] system, and I believe you [will] be with us for many years [yet]."

He urged Lord Shinwell to [thi]nk of the children now going [thr]ough the process of learning [ari]thmetic at school.

Earlier, the Lords had decided to simplify spelling problems by legalising the use of the word "gram" as well as the use of the word "gramme."

Lord Elton, for the Opposition welcomed the move and said: "As one of the world's worst spellers, I wish this could be done with other words."

Lord Oram said both spellings were accepted by all the major English speaking countries.

During discussion Lord Shinwell was joined in his opposition to metrication by Lord Wigg who said it was a denial of everything the Labour movement had ever stood for.

Lord Shinwell said he did not believe consumers had been properly consulted on metrication.

Lord Wigg said consumers used to be represented by the Co-operative movement until ten to 15 years ago through the "grass roots" of the organisation.

Now, he claimed the Co-operative movement was "a purely materialistic, capitalistic organisation out to make the largest buck they can in the least possible time." The only real representatives of consumers were *members of the House of Commons.*

Lord Oram suggested that both *Lord Shinwell and Lord Wigg* were out of touch with developments in the Co-operative movement, which still actively represented consumers.

He stressed that consumers had been consulted about metrication through all various consumer organisations which had grown up in recent years, *including the National Consumer* Council, the Consultative Committees of Nationalised Industries, voluntary bodies such as the Consumer Association and by local consumer groups which had their own federation.

The Bill's committee stage was completed.

Heffer attacks campaign against State takeover

A PUBLIC relations campaign by Bristol Channel Ship Repairers against plans to nationalise the company was attacked by Mr. Eric Heffer (Lab., Walton) in the Commons yesterday.

He said it was scandalous that the company had lobbied MPs at considerable cost and had spent enormous sums of money "to subvert MPs away from their basic political involvement."

Mr. Heffer said BCSR had been included among those to be nationalised long before the public relations campaign had begun.

Mr. Eric Varley, Industry Secretary, said he had heard rumours about PR activities but had no personal knowledge of them.

Mr. Hugh Dykes (C., Harrow E.) asked what discussions the Government had had with management and employees of BCSR.

Mr. Varley said that arrangements were in hand for a Ministerial meeting with the company to discuss the Government's interest in the Greenwell ship repair yard. This meeting would not be concerned with the Govenment's public ownership proposals for BCSR.

Mr. Dykes claimed that Mr. *Varley and his predecessor (Mr.* Anthony Wedgwood Benn) had refused 18 times to receive representations from workers and management to discuss the case against public ownership.

Mr. Varley, denying that this was so, said there had been a meeting last year and the many communications from the yard had been dealt with fully and courtously.

Mr. Dafydd Wigley (Plaid Cymru, Caernarvon) suggested that the nationalisation proposals were a vindictive roaction against the company's campaign. He asked whether any jobs would be lost as a result of nationalisation.

Mr. Varley replied: "There are no plans to close Bristol Channel Ship Repairers. I entirely refute the suggestion that this is some kind of vindictive campaign. Our proposals were made clear during the middle of 1974 and there have been consultations."

In later exchanges Mr. Varley repeated the Government's firm *intention to get Royal Assent* this session for the Bill to nationalise the aircraft and shipbuilding industries. Managers and workers wanted an end to the uncertainty.

Mr. Michael Heseltine, shadow *Industry Secretary*, claimed that the quickest way to end the uncertainty was for the Government to drop the Bill.

Mr. Heseltine said that if Mr. Varley's recent speeches—that there would be widespread unemployment as a result of nationalisation—had been made earlier, Left wing enthusiasm for the Bill might have diminished.

Mr. Varley attacked this statement as a "total distortion." The Government had made no secret of the difficulties of the shipbuilding industry. But the Tories had no shipbuilding policy at all. All they did was make irrelevant and mischievous comments.

MPs claim fishing limits retreat by Government

BY JOHN HUNT

THERE WAS a hostile reception from MPs on both sides of the Commons yesterday for a statement by Mr. Fred Peart, Minister of Agriculture, on Government proposals for the fishing industry in the wake of the settlement of the cod war with Iceland.

MPs were particularly angry when he said that Britain would be negotiating within the EEC for a reserved coastal ban of not less than 12 miles and extending in parts to 50 miles where no other country would be allowed to fish.

This brought complaints that the limits were entirely insufficient and that the Government was conducting yet another retreat at the expense of British trawlermen.

Mr. Peart also announced that the Department of Employment would be setting up a special compensation scheme for fishermen who lost their jobs as a result of the settment. But this did little to mollify his critics who complained that the Government was dragging its feet and causing continued uncertainty in the industry.

After making his statement, the Minister went off to a meeting with over 30 organisations connected with the industry, the largest *of its kind ever to be* held.

In his statement, he emphasised that there would have to be radical changes to the entire structure of the fishing industry as a result of the restrictions of British fishing off Iceland.

MR. FRED PEART

EEC policy revision a major priority.

He undertook that the Government would do all it could to avoid hardship and help with the training. It would also discuss with the unions and employers the setting up of a compensation scheme for the fishermen who, because they are *self employed or work on a* casual basis, are not covered by the Redundancy Payment Act.

A satisfactory revision of the EEC's Common Fishery Policy was a major priority. Other countries were preparing to extend their fishing limits to 200 miles and the British Government would be pressing the EEC to impose a similar limit around the Community against those countries.

"Already it is clear that changes will be called for in the structure of the fishing fleet including provision of more stable conditions of employment. Changes will be called for also in handling and distribution and in the processing industries."

New fish resources would be available and work on processing these new species would be intensified.

There was an angry clash with Mr. Norman Buchan (Lab., Renfrewshire W.), who was formerly a junior Minister of Agriculture under Mr. Peart. Attacking the Government for the growing weakness of successive statements on fishing limits, he declared: "If this retreat has happened before the negotiations with the EEC then what in the name of God, will happen after the negotiations?"

Mr. Ronald Bell (C., Beaconsfield) called for a 100-mile exclusive zone and said that Mr. Peart's statement was a "disgraceful retreat and disastrous for our national interest." But the Minister told him that a 100-mile zone would be totally unrealistic.

WINE BY EDMUND PENNING-ROWSELL

The vineyards of Friuli

UNTIL THE recent terrible earthquake centred on Udine it is a fair guess that for foreigners Friuli-Venezia-Giulia was a little known and seldom-visited region of Italy. For most holiday-makers Venice forms the country's furthest eastern boundary. Nor at the moment does this partly-stricken area seem exactly inviting to outsiders. However, the southern part has been safe enough, including the old Roman city of Aquilea, almost on the Adriatic, as well as attractive, medieval Treviso and, right on the Yugoslav frontier, Gorizia, which exudes more than a whiff of the Hapsburg empire that once embraced it. Moreover, many must motor through the region on their way to and from Yugoslavia and to taste some of the Friulian wines—also obtainable in Venice and the eastern Dolomites—would be a welcome gesture of sympathy for the wine growers, some of whom have suffered along with the other inhabitants. Also one might put a few bottles in the car boot to drink back here at home.

Indeed, by and large, the Friuli wines are still little to be found outside Italy, except in a few export markets north of the Alps and elsewhere where migrant Friulani foregather. Indeed it is not much found outside the four provinces that make up the region: Pordenone, Udine, Gorizia and Trieste. For until recently the vineyard area was much smaller, although in the last ten years the specialised vineyards have expanded from 15,000 to 25,000 hectares, and are still growing at the rate of 1000 ha. a year, though the recent depression has cut new planting. To-day the huge new vineyards, with high vines spaced for mechanical cultivation, stretch from the Adriatic *to the foothills of the Julian* Alps.

Precision

Of the four provinces, Trieste is negligible as a wine-producer, and the largest is Pordenone, closely followed by Udine, with *Gorizia a poor third—though not* in quality for most of the best wine comes from the hillsides near Yugoslavia. Average annual production for the whole region is about 1½m. hectolitres, compared with about 8m. hl. in the adjoining Veneto.

There are now six Denominazione di Origine Controllata (DOC) wines to look out for, most of them very recently awarded, though Collio and Collio Orientale of Goriza were "gazetted" in 1968. The other four are Grave del Friuli, Isonzo, Aquilea and Latisano.

As to be expected in a developing area, the co-operatives—there are 11 of them—are important producers, accounting for one-third of total output. One of the largest is at Cervignano, near Aquilea and the Adriatic, producing not only for its 250 small members but, curiously enough, also for the Lloyd Adriatic Insurance Company, which has an extensive new vineyard of 150 ha. that stretches into the distance in lines of military precision.

At Pordenone there is a union of co-operatives, Friulvini, concerned largely with marketing, while at Cormons on the Gorizia-Udine border, there is a single co-operative dealing with both Gorizia and Isonzo wines. There are also three or four important private firms, of which Angoris of Cormons is the largest, cultivating no fewer than 370 ha. of vineyards. Others are Collavini of Corno di Rosazzo and Volpe-Pasini of Togliano di Cividale, Udine, that both produce the rare Picolit, described below.

Although, of course, wine has been grown in the region from time immemorial, and there are plenty of the traditional local grapes, including the white Ribolla and Verduzzo and the black Refosco, the new vineyards are largely planted with imported varieties, though *French and German grapes have* been grown here since the last century.

Palatable

With an eye to sales elsewhere in north Italy as well as abroad, the popular varieties include the Cabernets Sauvignon and Franc, Merlot, Pinot Grigio and Bianco, Tocai (a native grape, nothing to do with Hungary), Traminer and the Rhine and Italian Rieslings. Overall the Merlot and the Tocai are the most widely employed, though the Cabernets are increasing, and I am inclined to think that they produce the best red wine, or at least the most acceptable to our palates, which may not be the same thing. For Italians tend to like young, *strong wines with a kick* that wash down the palatable, well flavoured local food. A popular wine from Friuli just now is the white Pinot Grigio (Pinot Gris) that has received a good deal of publicity inside Italy in recent years.

Of the six DOC zones, the most widespread is Grave del Friuli, stretching right across the region from west of Pordenone almost to Gorizia. The name is taken, as in Bordeaux, from the stony, gravelly soil. The appellation is not confined to a single grape nor indeed to one colour of wine. So one may find a DOC Cabernet, Merlot, Tocai or Verduzzo. The small flat zone of Isonzo lies south of Gorizia, not far from Trieste and the sea. To its west and actually running down to the Adriatic are the latest DOCS: *Aquilea* and Latisano.

Pasteurised

The best wines of the region are probably those of Collio and Collio Orientale, all grown on the hillsides. The small U-shaped Collio area lies to the west of Gorizia and adjoins the Yugoslav border that, here pursues an erratic course. The DOC covers wines made from three black grape varieties and seven white, including Traminer and Malvasia. I found the young white wines agreeably fresh, an attribute not often associated with Italian whites, too commonly pasteurised. The Collio Cabernet is attractive too, with a touch of Bordeaux in aroma and flavour, though a much fuller wine. One of the best is made by Angoris who also produce an agreeable Traminer and sell all their wines under their own rather than the DOC label to which they are entitled, indeed committed.

The rarest, most interesting wine of the region is Picolit, made from the grape of that name, a shy, poor-pollinating variety grown in hilly country in the north of Udine province. This sweet wine was first made in the 18th century, and was highly favoured both at the Hapsburg and Papal courts. It used to be made by the *passito* method, that is from grapes left out to dry and shrivel up before being pressed; but now it is made normally. To obtain the Collio Orientale DOC it must have a minimum alcoholic strength of 15 degrees, and I sampled a 16-degree '71. The best I tasted on the spot was Volpe-Pasini's '72, an elegant rather than lusciously sweet wine, and altogether delicious. Only about five or six hundred hl. are made in a good year—'73 was exceptionally prolific, and therefore perhaps not so rich. Sometimes *there* is hardly any, so not surprisingly it is among the most expensive of Italian wines: about *eight to ten thousand lire* a bottle.

As already indicated, for this and many other Friuli wines one must go to the region. For although they have an increasing export trade and Grave del Friuli can be found in Britain, they, like other medium-quality, on-the-spot, modestly-priced Italian wines, *are particularly badly hit by our* high flat-rate duties, which make them disproportionately expensive—though one of the EEC baits held out to us was the prospect of drinking such wines at prices not much higher than enjoyed by the quaffing consumers at source.

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NOTE.—The above notice supersedes the notice appearing in this paper on 24th June 1976

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LABOUR NEWS

Drive for 25,000 new engineers a year

BY ALAN PIKE, LABOUR STAFF

A NATIONAL recruitment campaign was launched yesterday to try and prevent a shortage of craftsmen in the engineering industry during the next upturn in the economy.

The campaign, supported by Mr. Albert Booth, Secretary for Employment, will include the formation of a careers information service to tell school leavers and graduates about opportunities in Britain's biggest industry.

The crucial role of careers teachers and officers in giving young people appropriate information about job opportunities was stressed at the launching ceremony in London by both Mr. Booth and Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers and chairman of the Engineering Industry Training Board.

The Board is combining with the Confederation of Shipbuilding and Engineering Unions and the Engineering Employers' Federation in sponsoring the careers information service.

Mr. Scanlon accused careers officers of giving young people the impression that overalls were more degrading to work in than white collars.

The revival of manufacturing was essential if the country was going to return to a more secure economic base and the time must come when academics and others took a different view of the engineering industry.

Mr. Booth announced that he soon would be proposing an experimental programme designed to provide a new form of vocational preparation for less able young people in which training and further education would be combined.

The efforts of careers officers were hampered by the way in which further education and training had developed separately and an interchange between teachers, employers and school leavers was required.

"I think it is still true to say that most youngsters take up a job with little or no idea about what is involved," said Mr. Booth.

"This hit or miss approach wastes the employer's time because most training intakes will have a few youngsters who find they are not in the least bit interested in training for the job; it wastes the youngsters' time because they quickly become alienated."

Both sides of the engineering industry are concerned that, even with the present high levels of unemployment, there are local shortages of skilled engineering workers—a situation which they expect to worsen in the future.

As a first step towards overcoming this problem and providing the 25,000 new craftsmen a year which the industry needs, the new Engineering Careers Information Service has distributed brochures outlining opportunities in the industry to 3,000 careers officers and more than 11,000 schools.

The Employment Secretary stressed the importance of training in preparation for the coming upturn in the economy in a second speech at the opening of London Transport's new apprentice training centre at Acton, London, yesterday.

"We have to avoid the shortages which have restricted production in previous periods of economic growth," he warned.

Chapple re-elected —record majority

By Our Labour Staff

MR. FRANK CHAPPLE has been re-elected general secretary of the Electrical and Plumbing Trades Union by the biggest majority in the union's history.

The Right-wing Mr. Chapple polled 83,902 votes, ahead of Mr. Harold Best, a Left-winger who says he is unaligned, who had 24,278, and Mr. Billy Williams, a Trotskyite, with 10,274.

Mr. Chapple, 54, who has been

Mr. Frank Chapple: Can stay until 1986

general secretary for ten years, is now in a position to retain office until his retirement in August, 1986, because of a union rule which says full-time officials over the age of 60 need not seek re-election.

There was a further boost for the union's moderate wing with the re-election to the executive council of Mr. Jack Ashfield, the Midland division representative. Mr. Chapple said the results demonstrated the isolation of the union's Communist and Trotskyite factions.

Walk-out stops Halewood

DISCIPLINING of a Ford Motor assembly worker yesterday led to a walk-out by 200 of his colleagues at the Halewood plant on Merseyside. Production of some 400 Escorts and Capris was lost and 1,100 more workers made idle, though normal production is expected to-day.

Beans back in can

The first strike at H. J. Heinz's two Lancashire factories ended yesterday when the 3,000 workers out since Wednesday accepted a return-to-work formula. Management's plan to speed baked bean production from 300 to ... tins a minute, cause of the dispute, is referred to arbitration.

TUC award

A social security worker from Middlesex, Mr. David Luxton, ... has won this year's TUC youth award given to encourage young trade unionists. A clerical officer with the Department of Health and Social Security, Mr. Luxton was nominated by his union, the Civil and Public Services Association.

Freelance peace bid

A dispute between International Publishing Corporation and the National Union of Journalists over revision of NUJ freelance agreements is to be referred to the Advisory Conciliation and Arbitration Service. Industrial action threatened from July 1 is to be suspended pending the conciliation bid by ACAS.

NUPE up 100,000

The National Union of Public Employees claims a 100,000 increase in members over ... months, bringing its total to 600,000. It remains the ... largest union in the TUC as fourth biggest, the National and Local Government Officers' Association, claims a rise to 625,000.

Brick pay protest

An overtime ban and work-to-rule was put into operation yesterday by 270 men at London Brick Company's plant at Whittlesey, Cambs., in support of a pay claim. The yard normally produces ... bricks a week.

Dockers end dispute over container barges

BY IAN HARGREAVES, LABOUR STAFF

HULL DOCKERS agreed yesterday to end their 21-month blacking of British Waterways Board vessels, and so finally put paid to the Board's attempt to introduce a revolutionary container-handling system to the Humber.

The Board has conceded that it will consult dockers before introducing any new systems in future. The men take this as an assurance that the "barge aboard catamaran" system (BACAT), which caused the dispute, will never be reintroduced.

Immediately the settlement was announced the Transport and General Workers' Union, which represents both dockers and waterways crews, formally patched up its internal schisms on Humberside by reinstating dockers' shop stewards who refused to accept an earlier union instruction to end the blacking.

The dispute is estimated to have cost the Waterways Board £200,000, with nine vessels laid up at Hull. About 70 waterway jobs were in jeopardy—this led to a blockade of the port earlier this year—but the Board now hopes that the men will find employment in its expanding Humberside operation.

Mr. W. Scott, Northern trade manager of the Board, said last night: "We are all desperately sad that BACAT has gone, because it was a first-class system, but we will certainly continue to develop our export barge service on Humberside."

Using the BACAT system, one ship could transport up to ten 140-ton barges between Hull and the Continent, cutting out a great deal of dockside handling. The BACAT mother ship and the system itself are understood to be up for sale in Europe.

● A ship carrying a record timber cargo from Canada to Merseyside has been diverted to London because of a week-old unofficial strike by 550 Birkenhead dockers. The men meet to-day to consider further action in the dispute, which is about manning levels on the port's floating cranes.

Jobs watch on mothers' new rights

THE EQUAL Opportunities Commission will be keeping a close watch on employers over the new maternity leave provisions due to come in next April, according to Miss Betty Lockwood, the commission's chairman. She told a London conference on maternity rights that it would be monitoring employment matters and building up a bank of statistics.

"Where it appears to the commission that recruitment of men only is taking place, or there is consistent replacement of women by men, this would establish a *prima facie* case of discriminatory policies which the commission would need to investigate.

"The commission could bring into play its power to undertake formal investigations and to issue non-discrimination notices.

"Some scaremongers are still telling us that maternity leave will be the ruin of equal opportunity. But best estimates indicate that only about 6½ per cent. of the female workforce of child-bearing age—221,000 of 3½m.—will take up maternity pay when it comes into force next April, and even fewer will take up the leave option and return to work."

Use employment service, management chiefs told

MANAGEMENT CHIEFS TOLD REPRESENTATIVES of top management were urged yesterday to make more use of the executive employment service.

Mr. Richard O'Brien, chairman of the Manpower Services Commission, told a conference of 200 managers: "For years you have complained that you do not have an employment service to meet your needs. Well, we have provided it for you. Now that you have it, use it!"

He said he felt employers generally were not sufficiently aware of services offered by Professional and Executive Recruitment, the Government-backed executive recruitment section of the Employment Service.

"It is the largest executive recruitment service in Europe and the only one in the world which is a commercial fee-charging enterprise within a State employment service."

Civil Service jobs switch to go ahead

THE GOVERNMENT is determined to take 7,000 Civil Service jobs to the Glasgow area from London, Mr. Bruce Millan, the Scottish Secretary, said.

Jobs dispersal from the Ministry of Defence and the Department of Overseas Development has been planned for some time, and has evoked hostility from London staff.

Bullock's men to visit Germany

BY JOHN ELLIOTT, MANAGEMENT EDITOR

MR. JACK JONES of the Transport Workers' and other members of the Bullock Inquiry on industrial democracy will visit Germany for three days from to-morrow to examine the German system of worker participation.

This follows an earlier visit to Sweden and is regarded as a key part of the work of the committee which will next consider its report on the introduction of worker directors and industrial democracy in the U.K.'s private sector.

There will be eight members of the committee on the German visit, including Mr. Barrie Heath, chairman of GKN, Mr. Clive Jenkins of the Association of Scientific, Technical and Managerial Staffs, and Lord Bullock, the inquiry chairman.

As reported briefly in the Financial Times yesterday, they will take part in this week's meeting between Herr Helmut Schmidt, the West German Chancellor, and Mr. James Callaghan, the U.K. Prime Minister, in Bonn to-morrow evening.

A special aim of the visit is to examine not only the established system of worker directors in Germany but also new proposals for giving them half the seats on company supervisory Boards and for involving full-time union officials as well as employees of the companies concerned.

In addition to Government representatives, the Bullock party will be meeting the German equivalents of the British CBI and TUC, other trade unions, and members of company supervisory Boards. They will also be visiting a steelworks.

APPOINTMENTS

Regional Board post at Lloyds Bank

General Sir John Mogg has been appointed, from October 1, to the South Midland Regional Board of LLOYDS BANK, of which Mr. R. O. Steel is chairman. Sir John retired as deputy supreme commander, Allied Powers Europe in June.

*

Mr. Norman Biggs is to retire as chairman of WILLIAMS AND GLYN'S BANK on September 30 and will be succeeded by Sir James Blair-Cunynghame. Sir James will remain chairman of the National and Commercial Banking Group but will retire from the chairmanship of the Royal Bank of Scotland where he will be succeeded by Sir Michael Herries from October 1. National and Commercial Banking Group has appointed Mr. John B. Burke to be group managing director while continuing as managing director of the Royal Bank of Scotland. Mr. George Home has been made deputy group managing director and will continue as a deputy managing director of the Royal Bank of Scotland.

*

Mr. N. Ghose has been appointed a director of GUEST KEEN WILLIAMS, a GKN subsidiary in India. On July 6 Mr. Ghose will take up full-time duties as executive deputy chairman of the company. Mr. G. N. Cooper, general managing director of Guest Keen Williams will be returning to the U.K. later in 1976.

*

Lord Carr has been appointed president of the CONSULTATIVE COUNCIL OF PROFESSIONAL MANAGEMENT ORGANISATIONS. He succeeds Sir Norman Kipping who recently retired after serving as president since the organisation's formation ten years ago.

*

Mr. Keith Ramsay Smith has been made a partner of STERNBERG THOMAS CLARKE, stockbrokers.

*

BRISTOL AND WEST BUILDING SOCIETY has made six senior appointments in a new management structure. Mr. Charles Morgan becomes deputy general manager (from assistant general manager), and Mr. Harry Chadwick, Mr. Robert Coverdale and Mr. John Hutton are appointed assistant general managers. Mr. Brian Sims is to be joint secretary, on the retirement of Mr. Howard Cornish who has been appointed regional director for the Midlands and South Wales. Miss Audrey Davis remains joint secretary with special board responsibilities.

*

On July 4, Mr. W. R. B. Foster will retire after 21 years as chairman of Britannia Lead Company, a wholly owned subsidiary of M.I.M. HOLDINGS. Mr. R. H. Y. Mills, who is already a director, will take his place. Mr. Foster will also retire from the board of Britannia Lead Company, but will remain a director of M.I.M. Holdings. Mr. K. R. Barrett, a director, will become managing director of Britannia Lead Company, and continue as London manager of M.I.M. Holdings. Also on July 4, Mr. G. Reiss retires and Mr. S. J. Billett will take his place as managing director of Mines Trading Company, a wholly owned subsidiary of M.I.M. Holdings. Mr. R. H. Y. Mills, a director of Mines Trading Company, will become chairman and retires from the Board of HENRY BATH AND SON. Mr. K. R. Barrett, who is a director of Britannia Lead Company, the parent company, will take his place.

*

Mr. W. N. Squire, a Dowty group director and managing director—aviation division, additionally has been appointed chairman of DOWTY FUEL SYSTEMS, DOWTY BOULTON PAUL, ILOMAN ENGINEERING and DOWTY ROTO INC. Mr. D. Morgan becomes managing director—mining division. He remains managing director of Dowty Meco and has joined the Board of DOWTY MINING EQUIPMENT. Mr. M. H. Spence has been made managing director—industrial division and chairman of MALTA RUBBER. He has also joined the Boards of DOWTY HYDRAULIC UNITS and DEX GEARS. Mr. J. A. Blake succeeds Mr. Spence as managing director of DOWTY SEALS.

*

Mr. C. A. John Biggin, secretary of BRITISH SYPHON INDUSTRIES, has been appointed a director of that company.

*

Mr. R. S. Waddell, a partner in Speirs and Jeffrey, Glasgow, has been elected chairman of the Scottish unit of the STOCK EXCHANGE. Mr. John W. M. ... Richard (Lawrie) Macgregor and Edinburgh, has been elected deputy chairman—Scottish.

*

Mr. W. M. Ramsachan has been appointed a non-executive director of WEIR-PACIFIC VALVES, a member of the Weir Group. He continues to hold his present executive appointment as managing director of Walthon-Weir Pacific S.A. of Zaragoza, Spain.

*

Mr. Alfred Blake, a senior partner in Blake, Lapthorn & Co., and director of the Duke of Edinburgh's Award Scheme since 1967, has been appointed a director of NATIONAL WESTMINSTER BANK'S Southern Regional Board.

*

Mr. Douglas A. Smith has been appointed chairman of HAMWORTHY ENGINEERING, part of the Powell Duffryn group, upon the retirement of Mr. James L. Hill as chairman on August 3.

Also from that date Mr. R. Peach becomes deputy chairman and continues as managing director of Hamworthy Hydraulics. Mr. I. Beveridge has been appointed managing director of Hamworthy Engineering. Mr. ... Sanderson, a director and general manager of the pump and compressor division, and Mr. ... Burke, a director and the general manager of the ... division, will join the Board of the company.

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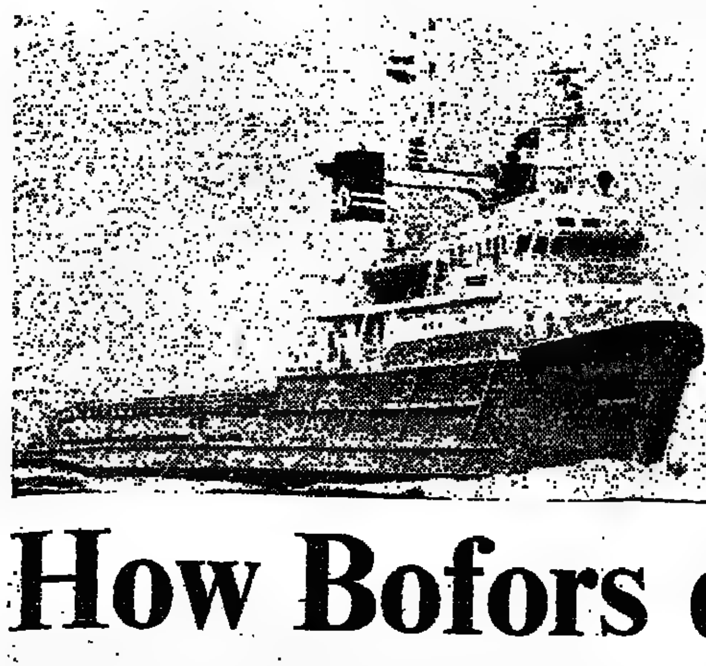
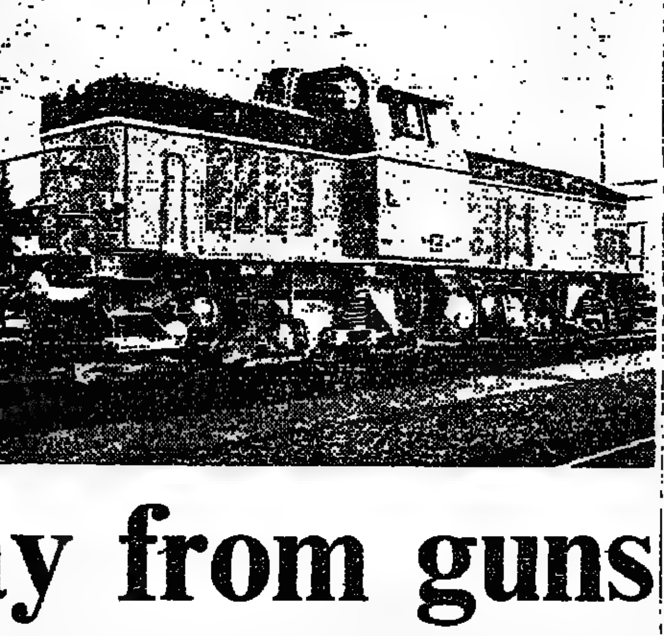
The Management Page

EDITED BY JOHN ELLIOTT





How Bofors diversified away from guns

BY KENNETH GOODING

IT WAS considered quite a brave thing to do when Claes-Ulrik Winberg appeared on Swedish television recently to talk about his company. For he is managing director of Bofors, a Swedish group associated in the minds of many people with just one business — guns and other armaments.

Given the widespread and vocal disapprobation in Sweden towards this kind of operation, it is not surprising that Bofors had in the past kept something of a low profile. However, Mr. Winberg proved to be an ideal spokesman. As a fairly recent arrival at the group he was able to bring a fresh approach to political, commercial or even moral questions.

The public relations point he made most forcibly to the television audience was that Bofors is an armaments manufacturer and not an arms trader. It sells armaments only to Governments and, on the odd occasion to shipbuilders. What the message implied was that Bofors is going to stay in the armaments manufacturing business and is not ashamed to do so.

The television appearance was in keeping with the new "image" being developed for the group. It follows four years during which Mr. Winberg has been master-minding a radical reconstruction of Bofors, an exercise which to the British observer bears a remarkable similarity to the reawakening of Vickers, the U.K. armaments combine

In spite of all the changes, the armaments operations continue to be important for both groups. In Bofors' case they accounted last year for 33 per cent. of the group's sales — Sw.Kr.561m. (roughly £75m.) out of Kr.1.7bn. (£227m.), and, perhaps more important in the context of Swedish politics, 40 per cent. of the 12,800 people employed.

In Karlskoga, the town which houses Bofors' headquarters and the centre of much of its armaments manufacturing business, they will tell you with a smile that, if you see four people walking down the street, "three and a half of them work for Bofors."

This is a point Mr. Winberg frequently stresses to politicians just in case there is any renewed pressure for the total abolition of arms exports from Sweden. For many years the Swedish laws prevented Bofors from selling armaments to countries either at war or likely to start fighting. More recently the rules were changed and they now forbid the export of "offensive" weapons. So Bofors can at least concentrate on developing "defensive" weapons such as its mobile coast artillery gun or its RBS 70 missile system.

Before Mr. Winberg arrived on the scene Bofors had experienced five years of stagnating profits and the group appeared to be in danger of choking itself to death on a surfeit of unprofitable products and businesses. They had been spun off from the original steel production operations and the extremely high technology involved in the basic business of making weapons and ammunition without regard to profitability or market needs.

Mr. Winberg was reluctant to move into Bofors when he was first approached by the previous Board.

He says he found three main problems: a number of products were clearly losing money and would go on losing money even if further investment was made; although divisionalisation had been started, there were too many central functions without clear responsibility; and there was a "very negative prognosis" about the cash situation, which meant some secondary, but profitable, businesses had to be sold off—as it turned out the prognosis was incorrect and liquidity turned out to be much better than expected.

There followed the inevitable rationalisation and restructuring. Products were ditched, including the manufacturing of bulldozers, tractors and excavators, and there was a shake-out of white collar staff. Mr. Winberg says: "If you haven't rationalised a company substantially before, you can always get rid of 15 to 20 per cent. of the white collar staff without any loss of effectiveness."

Like so many traditional engineering companies launching new products, Bofors had concentrated entirely on technology and production and had ignored marketing. Fortunately this was not true for the armaments manufacturing business and Mr. Winberg maintains: "One of the most important assets we have is the sales force which deals with the Government."

He concentrated on cutting down the size of the operating units and making the managers responsible for all three functions — production, technology and marketing. This means that new developments are screened to see if they have sales potential.

Investment was held back, not only because of the possible liquidity problems but mainly because Mr. Winberg wanted to formulate a long-term plan determining which manufacturing operations would be expanded and in which direction: That process is still going on in the steel-making and chemicals divisions. In both areas, however, plants have a long life and new investment is not urgent.

Money is already being spent in other parts of the business. Investment planned for 1976 is Kr.500m. (£67m.) compared with Kr.100m. (£13.5m.) last year with a good percentage this year going towards a new plant for the manufacture of nitroglycerine powder and a casting plant for explosives for artillery ammunition. There will also be a three-year re-equipment programme at the NOHAB engineering plant in Trollhattan designed to reduce the average age of the 300 machine tools from 12 years to five.

Diesel engines account for more than half the volume of production at NOHAB and this is obviously a growth business. NOHAB also makes water turbines, locomotives and printing presses—the new Beaverbrook Newspapers' Express group presses were built there. Prospects for the tranducers and weighing systems produced by the electronics division are also judged to be good and recent expansion here has been via the acquisition of the BBF Group of Boston in the U.S. which employs 500 people.

More recently, the go-ahead was given for a build-up of the Bofors "wear parts" business which accounts for most of its overseas manufacturing output. "Wear parts" are the parts of construction and excavation equipment which wear out more quickly than the rest of the machine, items such as the bucket and teeth on excavators.

More marketing muscle is to be put behind wear parts in future (in the U.K. there is a Bofors parts operation at Billericay in Essex) and the aim is to boost sales from an annual Kr.120m. (£16m.) to Kr.500m. (£67m.) at least over the next three years.

Mr. Winberg is pushing through these changes with the co-operation of the unions and employees, which is not an easy task when products have had to be dropped. The two main unions are both represented on the Bofors Board, as required by Swedish law. He says that this worker participation has been "good for opening up the closed doors of the Boardroom" and in removing the secrecy of the Boardroom. "The employees can see that we act in a direct and ethical way." Mr. Nils Carbonnier, vice-president in charge of personnel, adds: "It helps employees understand just how difficult it is to run a company."

However, Mr. Winberg stresses that "as long as you are required to inform people about what is going on you should inform them well. But if ever they have to get involved in the actual decisions, then I will give up as managing director."

Like Vickers, Bofors has had some problems in persuading some of the employees that making products for civilian markets requires an entirely different approach to the manufacture of armaments. While a small failure rate is acceptable in civilian products, a gun, for example, is no good if it only works 99 per cent. of the time. So quality is placed above cost in the armaments division and, because of that approach, the awareness of the importance of cost is poor among some employees who have been switched to the production of civilian products, says Mr. Winberg. This is a problem which, as Vickers has also discovered, only time will solve.

It is still because of its armaments that the name of Bofors is most widely recognised. In Britain the legacy of the 40mm. Bofors gun used in the wartime anti-aircraft defences remains. The "quality" image surrounds the name all over the world

What is not so widely known, though, is that for two years at the end of his life, Alfred Nobel, the chemist who invented dynamite and nitroglycerine among many other explosive products, owned Bofors. The group is now carefully establishing in the public's mind—in Sweden at least—the fact that this link between Nobel and Bofors exists. The chemicals division was recently renamed the Nobel division as a first, and logical, step.

The company is also working on a plan to commemorate Nobel in 1996, the 100th anniversary of his death. Bofors still owns Nobel's home in Karlskoga and is to build a "Nobel Centre" around it. The intention is to develop "something alive, such as a chemicals research centre, rather than a museum." And that is very much in keeping with the present atmosphere at Bofors. What was in danger of becoming a museum piece is being carefully stimulated into a new way of life.

Mr. Winberg says the world recession has proved that the steps taken so far were in the right direction because "any recession highlights any problems you have." There are still a few more radical changes to be made. "But they are the kind that arise in any large group."

BOFORS' SALES IN 1975

Divisions	m. Kroner	% of total
Ordnance	559	33
Steel	561	33
Nobel (chemicals)	272	16
NOHAB (engineering)	295	17
UVA (machine tools)	62	3
Electronics	16	1
Foreign subsidiaries (mostly "wear" parts)	150	9
Others	21	1
	1,936	100

Pre-tax profit Kr.30m., Pre-tax return on capital employed 10.9%.


Diversification has taken Bofors from its traditional guns (above) to engines and parts for products such as the ship, construction equipment and locomotive (top). Claes-Ulrik Winberg, its managing director, is rationalising this spread.

When Monotype was taken over by a property company it ran into financial problems

Recovery from an asset strip

MONOTYPE Corporation is a typical example of the early 1970s phenomenon when asset stripping was all the rage. It was a likely target not so much for its trading capabilities or prospects in its printing machinery field but because it was sitting on some valuable property assets in London and Salford. Grendon Trust, a property investment group, recognised this potential and made a take-over bid for the company in 1973.

But as with many of its contemporaries, the property side has proved an almost intolerable burden and it would not be unreasonable to suggest that Grendon should be liquidated on straight property considerations. However, in the hands of a liquidator that would be on a forced sale basis and, by definition, on poor prices. But in addition to the property assets, there are also over 2,000 employees and the printing machinery business of Monotype to be considered.

Liquidated

If Grendon is liquidated Mr. Donne sees that one of three things could happen to its manufacturing subsidiary: it could be sold off as a going concern: it could go into the hands of a competitor, who might dismantle it; or no one would want it and it would succumb to a rush of creditors and the departure of its customers.

This reasoning is one of the levers that Mr. Donne is using to try to persuade holders of Grendon's unsecured loan stock to accept £40 for every £100 nominal of stock held as an alternative to liquidation.

Before its take-over by Grendon in the early part of 1973, Monotype was a fairly sedate organisation. It had always been basically a one-product company, manufacturing hot metal typesetting machines, and profits were up to almost the £1m. mark in the early 1960s. But by 1967 Monotype was caught out by technology. The competition had stolen the march and had started marketing computerised setting machines.

Monotype set about catching up and by 1969 it had produced its own machine, although it was a "slave" and needed computer intelligence to go with it. Research and development continued to improve on this and the potential of mini-computers was being analysed when the Grendon bid came.

Within six months a takeover was mounted for Grendon Trust itself by the private interests of Christopher Selmes. The bid was ultimately successful, though not without an epic struggle which included a City Takeover Panel investigation into the offer and the interest of the Department of Trade being aroused to the extent that they appointed inspectors to look into the Selmes' interests.

Following the take-over, which took effect in the late autumn of 1973, just over £1m. was syphoned out of Monotype by the end of the calendar year and a further £1.9m. was extracted at the beginning of 1974.

The third and latest change in Grendon's management took place in June, 1974, when Mr. Donne was appointed chairman. Since then, money has been fed back into Monotype and it can now boast an array of new, competitive produtts — eleven have come on to the scene in the past year and more are planned in the near future. In the meantime there are still 5,000 customers throughout the world who have the old hot metal typesetting machines and the company reckons that this yields a healthy return through servicing and spare parts.

Profits of Monotype, which gets 80 per cent. of its business from overseas, resulting in a Queen's Award this year, are now on a recovery path after slumping last year to £38,000, before tax. It is the management's target to double the current annual turnover rate of £13m. within three years.

This hardly sounds like a dying company, especially since the technology acquired in designing new typesetting machines has spun off into all sorts of new and hopefully lucrative diversifications.

The fate of Monotype nevertheless remains uncertain. If Grendon is to continue—and it will need the approval of the loan stock holders to ensure that—then the property portfolio will continue to be liquidated. Ultimately Grendon will then re-emerge simply as Monotype plus some brickmaking interests.

Keith Lewis

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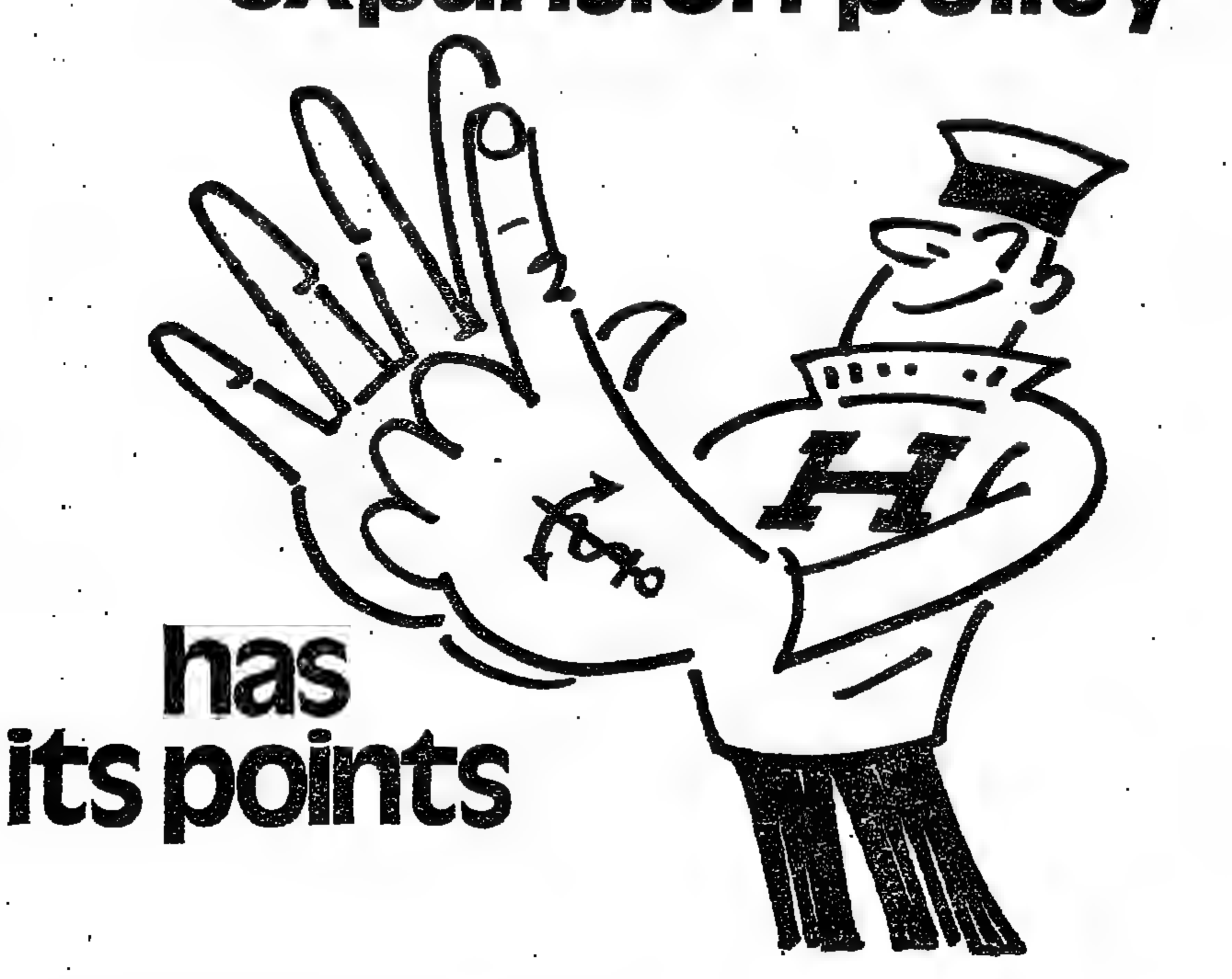
The Harrison Line's expansion policy



has its points

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TUESDAY, JUNE 29, 1976

A strong man in Lisbon

AFTER TWO *years of often* chaotic "revolution" the Portuguese have chosen as their President a dour military man, with a reputation for discipline and anti-Communism. General Antonio Ramalho Eanes, the Army Chief and the man who crushed last November's abortive Left-wing military rebellion, ran his campaign on the need to restore authority. Backed by the Army and the three main non-Communist political parties, he received over 60 per cent. of the vote in Sunday's Presidential elections, the first since the overthrow of the Caetano regime in April, 1974.

General Eanes must have been helped by the illness of the other moderate candidate, Admiral Pinheiro de Azevedo, struck down by a heart attack while campaigning in Oporto last week. Until then, it was not clear whether General Eanes could win on the first ballot, though few people doubted that he would win on the second. But some of Admiral Pinheiro de Azevedo's votes may well have also gone to the flamboyant Major Otelo Saraiva de Carvalho, *the Left-wing hero of* the April, 1974, coup, who attracted an unexpectedly high 17 per cent. of the total vote.

Communists

His strong performance highlights the *other* main feature of the vote, the extremely poor showing of the orthodox Communists. With under 8 per cent., the official Communist candidate, Senhor Octavio Pato, picked up precisely half the votes his Party received in the Legislative Assembly elections just two months ago. With *another Left-wing candidate* in the *field* some Communists are already arguing that the Party made a serious tactical mistake in putting up a candidate at all. The aim, after all, was to try to put a brake on the country's recent shift to the Right by demonstrating the strength of the underlying Communist vote.

About the new President's political leanings very little is known, even inside Portugal. There has been controversy over how far he was actually involved *in plotting the fall of Fascism* two years ago, and suspicions linger among his opponents that he harbours long-term authoritarian ambitions. He did not win the support of all the people who voted for the three parties that are backing him in the Legislative Assembly elections, when the three Parties together mustered three-quarters of the total vote—although this may be partly explained by the fact that 14 per cent. still voted for the disabled Admiral Pinheiro de Azevedo.

What General Eanes has made clear, in addition to his support for Nato is his view that it is time for the country to buckle down and work to solve its economic problems. In this he appears to have the support of Dr. Mario Soares, the Socialist leader, who will now officially be called on to form a minority Government. In agreeing to throw the weight of the Socialist party, the largest in the country, behind General Eanes's campaign, it can only be assumed that Dr. Soares believes the new President will give him the backing he needs to govern. As the President plays a key role in the formation and dissolution of Governments under the new constitution, firm support from General Eanes will be essential if Dr. Soares is to manage with only 35 per cent. of the seats in the new Legislative Assembly.

Firm hand

If Dr. Soares can maintain a good working relationship with the new President, and through him the Army, there is at least a chance that the country can now start grappling with its economic difficulties and arrest the decline in living standards of the past two years. Certainly a majority of the Portuguese people now appear to want a firm hand at the top. In this sense, the "revolution" seems to be over. But Portuguese politics are so volatile that there is plenty of room for further upsets. Until the new President and his new Prime Minister have shown that they can run the country, democracy will still be on test in Portugal.

Pressing for change in the CFP

IN HIS Commons statement yesterday, promising to avoid hardship for those affected by the recent agreement with Iceland, Mr. Peart again stressed that a satisfactory revision of the European Community's Common Fisheries Policy was of major importance. If such a revision can be secured, in fact, and public taste persuaded to like types of fish which are at present relatively unpopular and cheap, there may still be a bright future for the British fishing industry. If it cannot be secured, the future will look a good deal more bleak.

The bargain eventually struck with the Icelandic Government was a good deal less advantageous than might have been secured earlier in the dispute and means that a more rapid and painful re-adjustment to changed conditions will be needed. But re-adjustment of some kind at some time was inevitable. The UN Conference on the Law of the Sea, which was first convened in 1973 and has so far made little progress, is concerned with a much wider and more contentious range of issues than fishing rights. So far as fishing rights are concerned, however, it seems likely that the Conference will eventually agree on a 200-mile limit, and a number of countries are already unilaterally declaring such limits or taking legislative power to announce them.

Equal access

The Common Fisheries Policy of the EEC was adopted in 1970 and rests on the principle that all fishermen in the Community should have equal access to the waters of member states. The catch of the original Six members, however, accounts for only about 40 per cent. of the total catch of the present Nine: the accession of Britain and Denmark, in particular, means that the CFP in its present form is obsolete. The Commission is urging members to act as a group at the Law of the Sea discussions, to claim a Community-controlled zone of 200 miles, and then to operate it in line with the principles of the existing CFP—with the additional features that catch quotas might be laid down and that all member states would be allowed to restrict fishing within a twelve-mile limit.

The Government is now pressing hard for a limit varying from one part of the coast to another from a minimum of twelve to a maximum of 50 miles. Outside these bands, according to Mr. Peart, we expect a fair and properly enforced system of quotas. The Commission has suggested that these quotas might be based on shares of total catch at some reference date in the past, and such a system should ensure that the *relative size and importance of* the British fishing industry is taken into account.

200-mile limit

Enforcement is another matter. Mr. Peart said yesterday that we are urging the Community to make early progress in its negotiations with third countries about access to EEC waters. Certainly the attempt should be made. But the first priority should be to secure agreement on a revision of the CFP consonant with the basic change in the situation brought about by the enlargement of the Community and the international trend towards wider national limits: overfishing takes place, as the chairman of the White Fish Authority points out in his annual statement, precisely because nobody owns the resources. The second priority should be to ensure that if the resumed Law of the Sea conference fails at its next meeting in August to reach agreement on the whole range of subjects under discussion, which seems all too probable, it should at least agree on a 200-mile limit for the purposes of fishing.

At a time of numerous scandals, Congress faces a period of radical change. **David Bell** reports

Now Congress gets its share of the flak

Rep. Wayne Hays lost two chairmanships following sex allegations, and took a drug overdose.

Miss Elizabeth Ray wrote a book about her adventures and her relationship with Mr. Hays.

THE reputation of the U.S. Congress now stands at almost as low an ebb as did the Presidency after Watergate, and neither "Washington," the President, nor Congress has the confidence of the American people.

The Washington air is still thick with stories of secret slush funds and other purported breaches of the law by Senators or Congressmen, as well as the rumours of fresh sex scandals involving Congressmen. Even Miss Elizabeth Ray, who started the rumours and has since written a very slim book about her adventures, has been a little taken aback by the rash of revelations that has followed the news of her relationship with Rep. Wayne Hays.

He has lost both his House chairmanships. Two Congressmen are struggling to shake off charges that they approached supposed prostitutes who turned out to be policewomen. Nine more are being investigated for allegedly filing exaggerated expense claims.

The Hays affairs has focused attention squarely on Congress itself. All through Watergate the focus was on the Presidency, but the latest batch of scandals has suddenly concentrated attention on the legislature. Even without them, however, interest in the future of Congress has been growing because it is now in the middle of one of the most thorough-going periods of change in its long history.

Rapid changes in members

Both the Democratic and Republican leaders in the Senate are retiring and so is the Speaker of the House. The composition of the legislature has also been changing more rapidly than for decades. Of the Democrats in the House of Representatives, 40 per cent. have entered it since 1970 and over 50 Congressmen—an unusually high number—are due to leave office in November, some of them making no secret of their frustration with Congress.

While these changes have been taking place Congress has become much more assertive than in the recent past. This began even before the full extent of the Vietnam quagmire *was apparent, and became much* more marked as the Watergate revelations unfolded. The legislature has been trying, not always very effectively, to win back some of the power which it feels has been taken from it by "imperious" presidents. If the Congress has now established that it must be consulted every time the administration plans ventures such as the recent evacuation from the Lebanon, domestically it has been rather less successful. Its major achievement here was the joint budget process which is working unexpectedly smoothly; but even this could be threatened in the weeks ahead by Senator Russell Long who apparently fears that it will undercut his own powerful position as the chairman of the Senate Finance Committee.

All this flexing of Congressional muscle has inevitably exacerbated problems that would have arisen in any case between an overwhelmingly Democratic Congress and a non-elected Republican President appointed by a disgraced predecessor. Relations between the Congress and Mr. Ford, who has now vetoed well over *40 Bills, are such that there* has been a virtual stalemate in the passing of new legislation. Apart from an ill-considered Energy Bill, the extension of the tax cut, the rescue of part of the railway system and of New York City—where it had very little room for manoeuvre—the current 94th Congress has achieved very little.

This could mean that if Mr. Jimmy Carter does become the next President there may be a sudden outbreak of peace following eight years of virtual undeclared war between executive and legislature. As President, Mr. Carter, a Democrat, would have a Democratic Congress, a new leadership in both House and Senate, and the greatest opportunity since President Johnson in 1965 to leave his own distinctive mark on Congress.

There is still much wariness about Mr. Carter on the Hill, but it is likely that he would at least get the co-operation of the House and the Senate in the first few months, and possibly for much longer. Congress is well aware that it is not held in high esteem and that the Hays affair has done nothing to *improve the image.* A chance to show that co-operation is possible would probably be welcomed. As one Representative put it: "We are not that bad, and none of this would have happened if we had kept our wives on the payroll." Ironically, one of the charges against Rep. Adam Clayton Powell, who was expelled from the Senate, was that he had put his wife on his staff.

Rep. Adam Clayton Powell (left) expelled from the Senate because he had his wife on his staff. Sen. Birch Bayh (right) chairman of two sub-committees, has built a legitimate fiefdom employing 70 people.

Part of the public antipathy towards Congress springs from a conviction that the legislature is remarkably lax in regulating its own affairs. The House Ethics Committee, for instance, has only recently agreed to investigate major charges of conflict of interest involving a Florida Congressman, and then only because of intense outside pressure. Yet this is the Committee which is supposed to set the standards for the House.

This is the more serious because Watergate triggered a mass of allegations about secret corporate slush funds, and cast new light on the myriad activities of the thousands of lobbyists—representing every interest from guns to margarine—who are active on the Hill. As *much as anything, they have* contributed to the general cynicism about Congress and the legislature's palpable reluctance to put its own house in order.

Congress is now moving to bring some system into the haphazard rules for fringe benefits and committee staff hiring, but a number of more intractable underlying problems remain. They are likely to prove much more difficult to solve than the size of stationery allowances or the number of typewriters.

Long before Mr. Jimmy Carter chose to make an issue of the failure of "Washington," the need for change was recognised on the Hill. Some reforms have been introduced, the most notable being the ending of the principle under which committee chairmen were appointed automatically on the strength of seniority, which tended to favour long-serving conservative Southerners. More reforms are promised in the wake of the Hays affair and the power of the Speaker—who can be one of the most powerful officials in the country if he chooses—has been strengthened. There are also the beginnings of an attempt to forge a Democratic policy-making body in the House.

Most observers believe however, that these changes are making little difference to the working of the legislature and it is that which is being increasingly criticised. One of the major strengths of both houses, much envied by some British politicians is the committee system which is supposed to ensure rigorous examination of legislation and *full* discussion before it is enacted.

That is the theory. The practice has become rather different. In the past few years there has been a tremendous proliferation of sub-committees, each with its own chairman and staff, whose function is to consider Bills before they go to full committees and thence to the whole Senate or House. These sub-committees have enabled Congressmen to build powerful fiefdoms for themselves. Sen. Birch Bayh, for instance, who *chairs* two sub-committees, now has more than 70 people working for him and a total budget under his control of $1.4m.

The system thus puts individuals like Rep. Hays—who built up a formidable position as chairman of the committee that ran the House—into positions which they are very loth to surrender. It can lead to attempts by chairmen to smuggle not just mistresses but relatives, friends or political allies on to the payroll. Chairmen of certain committees can use their influence to get friends appointed to high government jobs.

Such patronage is nothing new, and the Congress has a lot of experience of powerful committee chairmen: but the case of the recently passed Energy Bill illustrates another and increasing danger of the proliferating committee system. When the Bill was first proposed there were 14 full committees and 27 sub-committees which claimed jurisdiction over some part of it. The result was that the Bill had to thread its way through a maze of overlapping sub-committees in a time-consuming process which contributed to the eventual emasculation of the legislation.

Bureaucracies mushrooming

One Congressman has written angrily of the "millions of dollars that are being squandered in the mushrooming bureaucracies of countless sub-committees." The number of Senate sub-committees has jumped from 34 to 120 in the past few years, and in the first eight months of last year administration officials journeyed to the Hill 344 times to appear before 86 separate panels. Rep. Hays himself held sway over more than 5,000 Capitol staff, and won no friends by insisting on such trivial changes as removing seats from the lifts because he decided that the lift attendants ought to stand all day.

Congressional reformers hope that the next Congress may at last try to resolve the problem of overlapping committee jurisdictions, although the Senate committee currently investigating reform has been specifically precluded from considering this aspect, and the men who seem most likely to take over the leadership of House and Senate next year are unlikely to press a major reform.

Potentially the most powerful of them is Rep. T. P. O'Neill of Massachusetts, who is widely expected to be the next Speaker. A 63-year-old Irish American, Mr. O'Neill is likely to be a much more aggressive Leader of the House than Rep. Carl Albert who is retiring.

The contest for the Democratic Leadership in the Senate is still wide open with Sen. Hubert Humphrey the latest to declare his candidacy along with Senators Robert Byrd, Edmund Muskie, and Ernest Hollings. But the prospect of Mr. O'Neill, Mr. Humphrey, and President Carter working in harmony seemed unlikely even three months ago. It has become a distinct possibility, and could conceivably lead to a degree of co-operation not seen for a decade. It might even be enough to get Mr. Carter to change his mind about Washington.

MEN AND MATTERS

Pop art prize

Someone, somewhere is going to win a Coca-Cola bottle made of 22 carat gold before the year is out. That is the suitable pop art prize that has been devised for a competition organised by Coca-Cola's main U.K. distributor, Beecham Group, to maintain the brand's leadership in the highly competitive soft drink market.

The competition invites you to imagine that you have found an old parchment containing ten clues to the location of a valuable gold object. Once you have answered the clues you still have a problem, since there is a code involved. (I won't give you the solution, but the competition is a bit like a prize crossword.)

The bottle posed something of a production problem for goldsmith Algernon Asprey but his workshop coped, and the golden replica was unveiled with appropriate solemnity this week in the presence of a security guard, a spotlight, and a purple backcloth.

Now however eye catching a golden Coca-Cola bottle might be, all those involved are well aware that there is not much you can do with it, apart from worry about its safety. So the winner of the competition gets the cash which will accrue after Sotheby's has sold the bottle in a Los Angeles auction. Since the gold content is worth £4,000 that is the minimum sales price, but so keen is the market for Coca-Cola memorabilia in the U.S. that Beecham is confidently predicting bids in the region of £10,000.

The paraphernalia connected with Coca-Cola, which was first produced by a "Dr." Pemberton in Atlanta, Georgia, in 1886 is now keenly sought by coke mad collectors. Catalogues are published regularly by firms that attempt to corner the market in items like early bottles, Coca-Cola branded ash trays, blotting paper, letter headings and so *forth.*

"Quick Kate, get out all those six pound notes from last time!"

One recent catalogue offers a real find: a tray which is reputed to be only the second produced by the company back in 1898. It is offered for $3,500, but does at least carry the portrait of a contemporary glamour Queen—in those days Coca-Cola was apparently, a more frivolous company.

The bottles, too, are collected. The basic design, known as the "hobble skirt" or the "Mae West," has scarcely changed since 1913, but there have been green bottles and blue bottles, and even bottles made by the Japanese in Indo-China from the original mould but filled (lèse-majesté?) with soy sauce. With this kind of choice it is hardly surprising that very rare Coca-Cola bottles change hands for more than $1,000.

There are even bottles that have been dipped in gold and given to those bottlers who have been making Coca Cola for fifty years. But there has never been a solid gold bottle, and that is why Beechams, Sotheby's, Coca-Cola (to say nothing of the competition winner) will be hoping for some fierce bidding between fanatics at the Los Angeles auction.

Ups and downs

While the leaders of the seven nations are discussing the state of the world in the lush pastures of the Dorado Beach resort, some 27 miles from San Juan, the Puerto Rican capital, they will have two championship golf courses, countless tennis courts and swimming pools to beguile them in the hours not spent on formal talks.

But even the fact that the resort complex is Rockefeller-financed has not prevented the White House from doing one or two things to improve facilities *such as importing special comfortable easy chairs,* installing an American super-chef to make sure that the cooking is all right, and somewhat changing the rather discreet low-level lighting that marks the footpaths between the various villas by having the U.S. Secret Service put in the equivalent of television arc lights.

The British delegation staying in the Dorado Beach are, of course, the guests of the Americans. This means in practice according to the official British Government memorandum, that they *will be only entitled to* receive one tenth of the standard daily subsistence rate—which happens to be $53.25 per day. This means Messrs. Callaghan, Healey and Crosland will have $5.32½ cents each to play around with.

They may, however, profit from a rather strange black market that has suddenly emerged. Some American secret service men souvenir hunting, they say, for their children, are apparently willing to pay $1 for a 50 pence piece, appreciably above the current dollar exchange rate (and perhaps an omen for the British Government on what the desirable rate of exchange should be).

While life maybe pleasant for the heads of state and their assistants, the Press are finding things rather less easy. The real problem is communications. For a start, the Dorado Beach resort is 27 miles from San Juan and access is not allowed unless it be in special helicopters. On top of this Puerto Rican telephone service, arguably not the world's finest to begin with, may totally collapse with all the operators due to go out on strike. The taxi drivers and the bus drivers are also going out on strike and the Puerto Rican independence movement is planning to disrupt things to a maximum extent possible. Which means that it is quite likely that the Puerto Rican summit may be the most under reported in recent years.

Mutual understanding

Two pickpockets met in the street in New York. "Hi, Waldo," said one, "let's go and have a drink together." "I'd love to," said Waldo, "but I'm not sure I can manage it. What's the time by my watch?"

Observer

The Red Cross. Someone to turn to.

Help. One word which covers the magnitude of services the Red Cross has become synonymous with the world over.
Not only in war. Not only when earthquakes, famine and floods strike.
But all the time—people helping people in need.
Nursing the sick, both in hospital and at home. Care for the old and infirm. Help for the disabled of all ages.
The unspoken reassurance that there is always someone to turn to.
This is the Red Cross today.
We need your help to carry on.

caring + doing

هكذا من الأصل

FINANCIAL TIMES SURVEY

Tuesday, June 29, 1976

SPAIN

Hesitant steps toward constititutional change have been taken, but the Government is not united in its approach to innovation. Much will depend on the country's economic performance. Faced with balance of payments problems and high inflation, the Government will be forced to call for sacrifices.

ʌlatching ;hange vith tability

ʏ Roger Matthews

ɪVEN MONTHS after the ath of General Francisco anco it is becoming ɐily more obvious that ɐr's political evolution going to rest as much on the ɐtry's economic performance ɪng the next two years as it ll on any statements made so by members of the first vernment of King Juan rlos.

On the one hand there are nomic facts. The balance of ments deficit last year was ɪly $3.5bn., which at best ɪ be about $9bn. in 1976. An cially recorded inflation rate just over 14 per cent. last ɪr has now increased to an nual rate of over 20 per cent. employment is well in excess 700,000, nearly 6 per cent. the active workforce, and the derlying trend is upwards. e likelihood is that growth s year will be only marginally ad of 1975's 0.8 per cent.

Against these facts have to be asured the Government's political intentions. Not surprisingly Spain's population of nearly 36m. has remained substantially calm after the death of General Franco. Nearly 40 years of authoritarian rule ensured that a large part of the people were relatively apolitical and more concerned with material gains than with ideological arguments. The great success of the last 15 years of Franco was that his regime offered some of the fruits of a consumer society, but only to those who were willing to work the very long hours needed to achieve them.

However, with Franco dead and a new young king on the throne some attempt had to be made to establish a new base of authority from which the country might be governed and that would prove acceptable to those other Western countries on whose co-operation Spain's future wellbeing to an extent depends. Accordingly a still ill-defined attempt is underway to discover a peculiarly Spanish form of democracy.

The Government, of course, has substantial credibility difficulties. All its members were either former Ministers of General Franco or had served him in some senior capacity. Only the Foreign Minister Senor Jose-Maria de Areilza had in the five years before Franco's death moved into a more overt opposition stance. Therefore it would be against political realities and normal human behaviour to expect such men to create a system that might lead to them being quickly voted out of power.

Equally, it is very difficult for the Government to achieve political consistency because it is scarcely a united body. Senor Carlos Arias Navarro, the Prime Minister, fulfilled the same role for General Franco and said before his appointment at the beginning of 1974 that his only political aim in life had been to do the Caudillo's duty. That he is now expected to be an innovator and an initiator of events is clearly proving irksome to him and, in common with some other ministers, basically alien to his political background. But the Cabinet has another, basically more profound problem.

Army

Since the civil war the army has inevitably been the final source of power. Because General Franco increasingly over the years appeared to assume a more direct personal power this tended to obscure the close attention that he paid to the armed services and the care which he lavished on ensuring that no rival to him should ever appear in its ranks. With ultimate power in Spain now reverting to the military as a body, as distinct from the military as personified by one man, the Government has somehow to discover the collective political vews of its senior commanders. So far as can be gauged these generals are only sure of what they do not want—trouble on the streets that could develop into a revolutionary situation, or a break-up of the unity of Spain through separatist movements, especially in Catalonia or the Basque provinces.

Given the problems of unity within the Cabinet and the fact that they cannot have recourse to any court of final appeal (previously Franco) it is inevitable that the past seven months, and presumably the next few, will be a continuation of the system of trial and error. So far the most dramatic and obvious change in Spain has been that in the weekly news magazines and to a lesser extent in the newspapers. The right to call for the Prime Minister's resignation has been won, although the right to report alleged police torture of political suspects has been subsequently lost. This same process of a hesitant step forward and perhaps a step back is reflected throughout the political arena.

A new law has been passed, as part of the general political reform package, that should give Spaniards greater freedom to hold meetings and demonstrations. So far its effects have been minimal. A law which will provide the basis for the introduction for the first time since 1939 of political parties ran into procedural difficulties through opposition in the Cortes (General Franco's "parliamentary" body) to the complementary changes in the Penal Code. What is still awaited are the precise proposals for setting up a two-tier Parliament, the method by which this will be elected, and the relationship it will have with the Government.

Because of its wish to see this legislation approved through the legal constitutional channels provided for under the previous regime, the Cabinet has to face the possibility of its proposals being watered down and at least partially blocked not only by the old-style Franquist right but also by members of other pressure groups anxious to return to Government. The Cabinet's own uncertainty when faced by such situations adds to the chance that it will be flexible in its approach to determined opposition from within the regime.

Such flexibility, however, is unlikely to make relations any better with the centrist and left wing Opposition parties who have so far been almost totally ignored by the regime. Although after some years of real democracy it is unlikely that Spain would differ radically from other West European countries in the line up of its political ideologies, the regime has not yet seen fit to undertake any formal negotiations with those groups that have for the past 40 years favoured an open democracy. One of the more depressing aspects of the past seven months has been the consistently hostile tones of some Ministers, and especially Senor Arias, when referring to the Opposition. From the Prime Minister's speeches it would appear that "democracy" is something to be imposed, not discussed.

The willingness to label all left-wing opposition as "communist" partly explains why Senor Arias has declined to meet an opposition leader, while the King, who officially wishes to be a constitutional monarch, has seen several of them in the past few weeks. Both sides, or at least the more moderate representatives of the Cabinet and the illegal political parties, do seem to have tempered their views recently even though this is not taken to mean any shift in basic attitudes.

Instead of talking about the clean sharp break with the past, Senor Felipe Gonzalez, who heads the main Socialist party, has begun to speculate on the possibility of a negotiated move to democracy. Senor Areilza, and latterly the Interior Minister, Senor Manuel Fraga Iribarne, have also mentioned publicly the need for a pact From the Opposition point of view this perhaps recognises the lack of immediate popular support for the sort of action which might be thought likely to lead to a total rupture. Among the more reform-minded members of the Government there is the realisation that both their political plans and more important the survival of the economy urgently needs the co-operation of forces not in the regime.

Problems

At some point before too long a Spanish Government is going to have to ask the people to make sacrifices. The quadrupling of crude oil prices since the end of 1973 coupled with the following deep recession in world trade has caused Spain profound balance of payments problems. Some economists see the problems as making the present economic model inoperative It is argued that Spain cannot make up the oil deficit by selling to the oil-producing countries because she does not produce the right goods to sell them, nor can she increase sufficiently her share of trade with the rest of the world, especially the EEC, to compensate.

Exports, which are showing slight signs of picking up are however unlikely to do much more than reflect what the OECD sees as a fairly slow reactivation in world trade. Even given a more dynamic response by the Spanish economy its stronger propensity to import rather than export would suggest a still substantial trade imbalance. Additionally at a time when most countries are witnessing a decrease in their rates of inflation it is climbing once again in Spain, a factor that is causing added anxiety to industrialists because of the link to wages.

Inflation is already eroding the advantage of the 11 per cent. downward readjustment of the peseta against the dollar in early February, and workers will be entitled to demand pay increases of up to 20 per cent., according to the Government's pay criteria, in negotiations now taking place. If the Government wishes to impose a real drop in workers' expectations then presumably it must begin talking to their elected representatives or impose a far more vigorous system of strike-breaking than it did in January and February when twice as many work days were lost as in the whole of the previous year.

A more repressive attitude would imply the danger of further serious clashes such as in Vitoria when police opened fire killing five workers and wounding another 50. However, talking to workers' leaders would eventually have to mean genuinely free trade unions and a more openly democratic system than is presently envisaged. As the Government is not yet sure of its intentions it seems more probable that it will continue with the present mixture and hope that unemploy-

CONTINUED ON NEXT PAGE

BASIC STATISTICS

Area	194,885 sq. miles
Population	35.5m.
GNP (1973)	Ptas.3.543bn.
Per capita	Ptas.101,635
Trade (1975)	
Imports c.i.f.	Ptas.932.3bn.
Exports	Ptas.441.5bn.
Imports from U.K.	£294.8m.
Exports to U.K.	£277.8m.
Currency: Pesetas.	
£1 = Ptas.120.6.	

RUCKS ARE THE WINNERS

ucking industry is becoming increasingly hard-working d professional.

g these recent difficult years, the industry has become more conscious of labor and material costs because rvive one has to be sure of maximum time on the ay, be able to undertake seemingly impossible routes, e extremes of climate and of geography. And yet be able.

ters have learned, therefore, to choose trucks which owerful, reliable, and safe, and which will last longer before. Backed by a professional, efficient and cost-olled after-sales service which always has available arts that are needed.

ts that are fast and low on fuel consumption. And t drivers will appreciate and will take care of as if they their own.

They have learned to choose Barreiros trucks with Chrysler technology.

From 1972, until today, a good many truckers have experimented with Barreiros trucks. And they have continued with them, replacing their fleets almost exclusively with Chrysler.

This has permitted us to increase our sales penetration by 13%.

And the quality of our trucks and the service we give to customers has increased accordingly. Chrysler technology, applying the most advanced and proven American systems of quality control, and training of after-sales service experts, has made these trucks highly competitive anywhere.

This is the reason the trucking business prefers the Barreiros more than other trucks. And as is logical, they are continuing to win on the highway.

Chrysler makes these trucks because Spanish transport needs these trucks.

CHRYSLER ESPAÑA

Seasons

Scenery Snow

Sierras

Spring Summer

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Splendour

ESPAÑA

Spain again

The Spanish National Tourist Office, 70 Jermyn Street, London SW1

Economic growth suffers severe jolt

AT LEAST until the end of this decade, and probably for some years after, the Spanish economy is going to be struggling to adjust itself to the effect of the steep rise in crude oil prices imposed successively since the beginning of 1974 and increasingly to the political and social changes resulting from the death of General Franco. The unbalancing effect of the rising cost of oil imports on Spain's foreign trade account has posed major structural questions because of political considerations yet to be fully assessed while, should progress towards democracy proceed relatively smoothly then, by the early 1980s the Government will simultaneously have to consider the implications of pressing ahead with its aim of joining the European Economic Community.

Facing up to the implications of these challenges is doubly difficult coming as they do after 15 years of unparalleled growth boosted by a steady flow of foreign investment and a world trading development that provided a ready market for Spanish exports. Obviously the prospect of general elections next year to a new two-tier Parliament, together with the ever more vocal workers' demands for a free trade union system and the necessity of imposing fiscal reform measures make medium- to long-term economic planning extremely hazardous, although the necessity of doing so has rarely appeared more critical.

During the past two years Spain has suffered balance of payments deficits of $3.3bn. and $3.5bn. after several years of surpluses which allowed the gold and convertible currency reserves to top $6bn. Spain's surpluses on current account coincided with a boom in world trade and a large improvement in invisible earnings thanks to the increased popularity of the country as a tourist resort. Simultaneously Spain was able to export its unemployment to countries such as West Germany, France and to a lesser extent Britain, from where the emigrants made valuable contributions to the invisibles side of the balance with their monthly remittances.

The generalised economic depression in Western countries brought on by the oil price rises, thus had a double effect on Spain's performance by reducing the number of jobs available in Europe and consequently by cutting the level of remittances. Tourism similarly stopped growing at its previous pace and although foreign investment initially held up quite well, thanks to the number of operations already in the pipeline, it has subsequently eased back as a result of both economic conditions abroad and doubts on the political future of Spain.

Forecasting

Thus the Minister of Finance, Senor Juan Miguel Villar Mir, normally extremely bullish in his forecasting, has anticipated another deficit of around $3bn. for 1976 which would give a three-year total shortfall of about $9.75bn. The Minister anticipates further reductions in subsequent years but has so far been unwilling to predict at what point the country may get back into the black. As Spain only sells abroad roughly half of what she imports (last year exports were worth $7.7bn. compared to imports at $16.3bn.) the burden left to the invisibles sector to carry is excessive.

Because Spain was late into the recession compared with other Western countries the signs of reactivation have been similarly delayed. Despite the Ministry of Finance's optimism the indicators remain far from clear and have been clouded by the resurgence of a strong inflationary trend. However it is pointed out that Spain historically reacts fast to a growth in world demand and that already exports have shown a small but useful growth in the first four months. Equally, Spain has an historic tendency to suck in increased imports during strong domestic industrial activity and this, according to some economists, will ensure that there is only a marginal improvement in the balance of trade. With foreign investment likely to remain sluggish for the next couple of years and tourism not expected to produce much of an increase in real earnings, there is every reason to believe that the country will both have to run down its still relatively healthy reserves and increase its level of foreign debt which the Finance Minister said at the beginning of this year was $8.7bn.

Greater difficulties may arise in 1977 if the balance of payments is still at the level of $2.5bn. to $2.75bn. which might be implied whether or not growth rates move back towards former levels. The official figure for the increase in GNP last year was 0.8 per cent. although some bank research departments are putting it at virtually zero. The Minister of Finance thinks it could be between 3 and 4 per cent. this year but this implies a tremendous surge in activity during the second half of the year to offset the very sluggish first few months.

In both January and February industrial production showed a decrease over the comparable period of the preceding year, mainly as a result of the serious strike wave which hit the principal manufacturing centres.

Spain has two sets of unemployment figures, one produced by the Government-run trade unions and the other, now generally accepted, by the National Institute of Statistics. Even the latter figure, which shows about 730,000 or nearly 6 per cent. of the workforce without jobs, may tend to underestimate the true position. Additionally there has been a significant drop in the number of people "moonlighting" (doing two jobs) and in several sectors a big fall off in overtime working. The return of emigrants from abroad and the relative increase in the number of young people leaving school in the next three years has led one senior government official to estimate that Spain would need to create at least 1m. new jobs before the end of the decade if it aimed to avoid a critical unemployment problem.

Concurrent with the rise in unemployment there has paradoxically been an even steeper increase in wages, at least for those sections of the labour force most able to exert influence on employers and Government. The Government's wages ceiling (the cost of living index over the past 12 months plus, in some cases 2 or 3 per cent.) has naturally become the minimum demand and therefore quite often exceeded.

The consumer price index, having ended 1975 with a 14.1 per cent. rise, is now running at an annual rate of over 20 per cent. The one three-month moving average, seasonally adjusted and projected for 12 months, that is computed in Madrid, shows the present rate at a startling 24.9 per cent. Because the official index is now rather obsolete certain items in the shopping basket, such as potatoes and bread, can produce sharp monthly variations, and as this is linked to wages any "distortion" is eventually passed on to the industrial and services sectors.

Inadequate

Government efficiency in combating inflation is made to look inadequate not just by these overall figures but by the fact that many of those prices under special official vigilance have risen more rapidly than those which are not subject to any controls. With the effects of the February 9 downward readjustment of the peseta against the dollar still to be fully felt and the probability that the Spanish currency will have to be allowed to drift still lower, it is difficult to foresee more than a marginal decrease in next year's rate of inflation without more positive Government action.

Government policy has been handicapped since mid-1974 by its unwillingness to face the political consequences of unpopular or belt-tightening decisions. Spain is one of the very few Western industrialised nations where petroleum consumption has continued to rise since the end of 1973. Similarly its wages policy, faced with the impossibility of arriving at a "social pact," is a haphazard affair resting to an extent on police-strike-breaking tactics and the weakness of the non-industrial sectors such as services and agriculture.

Unemployment, which is particularly severe in some southern and south-eastern provinces, tends to be dealt with by random block grants of Government cash and public works programmes. Together with the substantial aid that is now being poured into the worst-hit industrial sectors, such as shipbuilding, some sources now feel a budget deficit of well over $1bn. is certain for the year. This makes ever more urgent the need for serious fiscal reform, which the Finance Ministry has promised and the sceptics feel certain cannot be introduced.

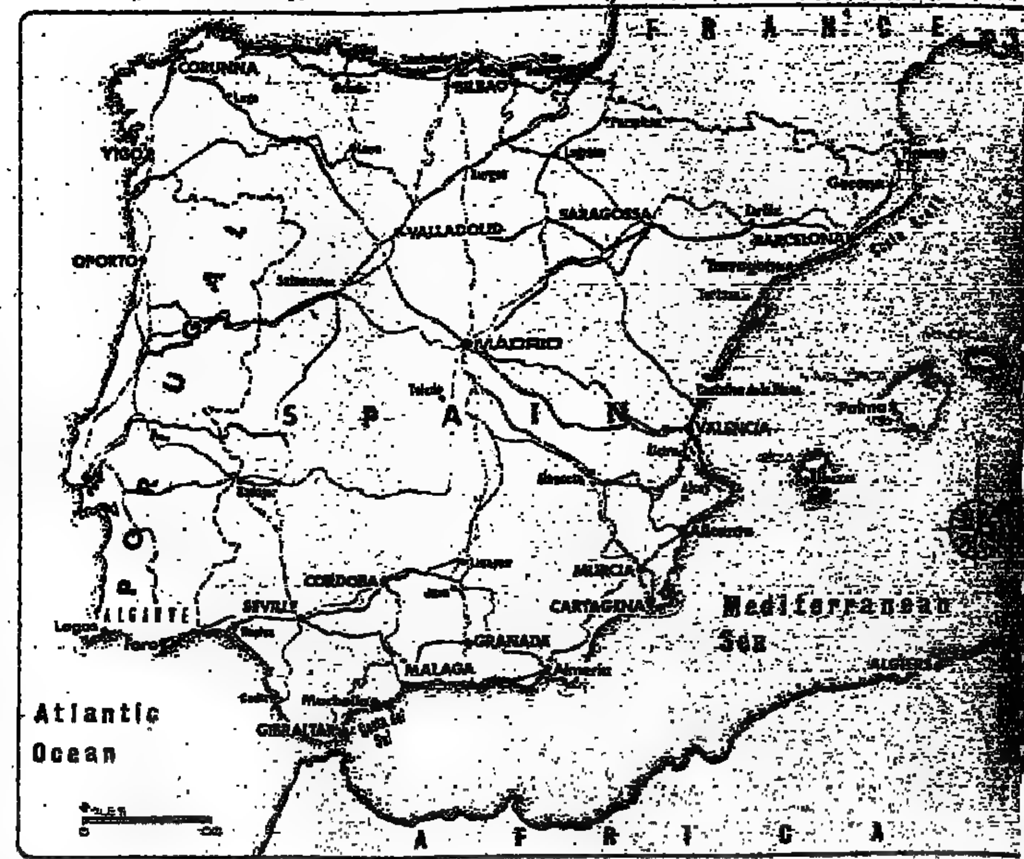
Tax evasion, at both company and personal level, is so widespread that there are economists who believe a "tax amnesty" would be of considerably more value to the nation than a political amnesty. This might give the chance for everyone to begin paying their taxes at the same amount.

Among the other suggestions being canvassed to help specifically contain unemployment are: a reduction of the individual's working day in industry and services; more action to develop social services; introduction of more training schemes, in part to delay the number of school-leavers coming on to the labour market and further Government spending on labour-intensive public works. In some quarters the most effective method of reducing the balance of payments deficit is believed to be by attacking on the agricultural front, where 25 per cent. of the labour force is employed.

Last year Spain imported approximately $1bn. worth of foodstuffs more than it exported, a figure that might be reduced by better administration without even tackling the profound long-term problem of under-investment in agriculture.

However, any more profound changes in economic policy will probably have to await the formation of a new Government. Long-term, Spain is still an attractive site for foreign investment, will always have a tremendous advantage in the holidays market, still has potential in minerals with small but growing quantities of oil being discovered, and a labour force that, though becoming more expensive, will continue to give Spain the edge over some of its principal competitors.

Roger Matthews



Stability

CONTINUED FROM PREVIOUS PAGE

ment will temper workers' demands while overseas borrowing will paper over the cracks in the balance of payments.

Both policies must have limits and with the Finance Minister, Senor Juan Miguel Villar Mir, having admitted at the start of the year that Spain was already in debt abroad to the tune of $8.7bn., new loans that are being raised to cover this year's payments deficit will be needed to buy the decreasing amount of time during which the more serious of the country's problems can be tackled. But should these funds be used basically to maintain living standards because of political expediency and not be paralleled by significant reforms then clearly the greater will be the eventual possibility of a more radical break from the past, or conversely the temptation of returning to it.

This latter course would mean abandonment of attempts to join the EEC or Nato and subsequent difficulties in raising further funds from abroad coupled with a domestic situation that probably could not be sustained for long. The sort of structural economic reforms that some people now consider necessary will above all else require the active support and co-operation of the majority of the population, which it is argued will only be achieved through general elections and a representative government.

According to the present schedule, a referendum will be held in the autumn to provide popular approval both for the constitutional changes and for the restoration of the monarchy, to be followed some time in the spring of 1977 by full elections. If that timetable is followed without too many difficulties en route (it presumes some co-operation by Opposition parties, and a relatively peaceful six months on the labour front) Spain should have a more representative Government, but on present signs one that would still be heavily conservative.

Whether this would herald a continuing period of relative political stability and real progress economically, or the effective start of a constituent process leading to a further step in democratic reform will only slowly become clear. But what is going to be extraordinarily difficult for the regime is to try to call a halt at some point to the moves towards democracy. By involving the people it will be politicising them, by opening the door an inch it will make the already politicised want to push it further, by starting the process the Government will have to see it through, or depart.

It may be, as one leading Spanish industrialist said recently, that "we will have to pay the price of not talking to each other for the past 40 years" but at the end of that process Spain could enjoy, if not another economic miracle, then another sustained period of real growth which could be heavily underpinned by a workforce that has a tradition of long hours, a high propensity to save, and a hunger for a better standard of living.

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هكذا من الأصل

Shoe production in Menorca: Spain's economic performance could have an important bearning on political change.

Parties ponder reform

ENOR Manuel Fraga Iribarne, linister of the Interior and one r the chief architects of the overnment's constitutional re- orm programme, was asked ecently by a European news- aper about his views on the emocratic Co-ordination, a itical alliance of illegal parties ledged to fight for democracy Spain. He replied: "There no strong opposition, it is on paper. It means nothing the Spanish people. It is oup of frustrated politicians want to have power imme- ely. They will not get it: will get it, if they can, in elections. I do not recog- their position and I despise n—though not all of them. ink it is mainly a group ellow travellers of the Com- ist Party, so I do not take seriously. Secondly, those ple are not judging our ess, they are trying to make ail because they do not want orm. I do not believe that majority of the Spanish ple will support them."

ndoubtedly Señor Fraga was ry, mainly because some alist, Christian Democrat, ial Democrat and regional ies had agreed to work ether with the Communist ty and its allies to create conditions they thought ld be necessary to achieve nocracy. Since then every ernment effort has been le to split the alliance back its two original compon- ts—the Junta Democratica inated by the Communists, the Democratic Platform, ch brought together the main ialist party, the PSOE, the e Left-wing inclined istian Democrats and some ial Democrats. The political ice raided the first Press con- ence called by the Co-ordina- and arrested some supposed mmunist members who were sent, leaving others to go e.

That so much attention should devoted to the Communist ty (PCE) is inevitable be- ise the victors of the Civil r have never stopped fighting ir "crusade" against the twin ls of Communism and sonry," while the Com- nists themselves have never pped working in the under- und and today can still claim have the best organised gal party in Spain. The pre- nt Government has consist- tly stated that there is no m for the Communists in its form programme and legisla- n passed and pending is ecifically designed to exclude em and other parties such as e Spanish Workers Party TE).

Virulent

Embarrassed by the virulent alinist approach of the Portu- ese Communist Party, the CE says that it is willing to ork with any other organisa- on wishing to establish a luralist democracy and that will abide by the rules, as do s French and Italian counter- arts. The question that all ther Leninist parties in Spain re now facing is whether to pply for legality under the erms set by the Government, r whether the exclusion of the Communists is in itself such n anti-democratic act that they hould remain illegal.

There are clear temptations n seek legality. In Portugal t was shown that if all parties start roughly equal it is the Communists with their zealous membership who immediately forge ahead. The Socialists and others could benefit greatly from at least a two-year start during which they could build up an efficient party machine. On the other hand, accepting the Government's conditions has serious risks for party unity and it, especially in the case of the PSOE, alienate the young militants.

Parties also have to agree whether the Government's re- forms, insofar as they are known, give them any real chance in the elections scheduled for next spring. Criti- cal part of the package, the law governing the setting up of a two-tier Parliament and the electoral rules, are only known in outline and will probably be modified further before the country is called to a referen- dum in October.

Basically the Government pro- poses to construct an Upper House (Senate) which will be elected by universal suffrage, although candidates will be chosen by the so-called "organic" method—that is by the city councils, provincial councils and professional organ- isations. The 40 permanent members of the present Cortes will have their seats transferred to the Senate, thus ensuring a still stronger conservative base to the House. The political par- ties that have been legalised will compete in the Lower House (Congress), where vot- ing is expected to be by simple majority achieved, on the French pattern, in two rounds. This will lay a heavy emphasis on pacting in the second round, and the Government hopes will avoid a proliferation of parties.

Boundaries

The opposition parties also suspect that the constituency boundaries will be drawn in such a way that rural areas will have a disproportionately high number of seats in relation to their population, a factor that will work against Left-wing strength which is concentrated in the main industrial cities. At the moment the Government is proposing that both Houses should have equal powers, with the Congress having precedence on fiscal and budgetary matters.

Apart from the difficulty of seeing how in an efficient parliamentary democracy the two houses can have equal powers, the relationships between Parliament and Government have still to be explained. The intention is that after the elections the Council of the Realm, albeit slightly *reconstituted*, will continue with the Franquist principle of sending a list of three names forward to King Juan Carlos, who then selects one as Prime *Minister*.

As the Council of the Realm looks like being perhaps more heavily conservative than the Senate, it could lead to some interesting names being suggested, especially if no single party has a clear advan- tage in the Congress. Perhaps, as now, the King will have the right to send the names back and ask the Council of the Realm to try again. Whether the Prime Minister needs to select his Cabinet from within the two Houses is not known but it is presumed that all legisla- tive functions will be vested in the Government.

However, opposition in the presently constituted Cortes to these constitutional proposals might be stronger than anticipated when the debate is held next month. Those deputies who could not appear to be openly anti-democratic by voting against the laws on meetings, demonstrations and political parties, can fairly make out a case for opposing the changes to the parlia- mentary system. And there are many politicians across the spectrum who think that a single chamber would be much better suited to Spain's needs.

Presuming that the Cortes hurdle is jumped the Govern- ment will then also have to make it clear what access the opposition parties wil have to the media. There will be a strong temptation to bar them from television and radio or at least severely restrict their appearances which, combined with the fact that the vast mass of the Press is controlled by forces favourable to the regime, will make the organisa- tional weakness of the opposi- tion even more obvious. The new law on political association expressly forbids parties to re- ceive funds from abroad.

Meanwhile the regime parties, and especially the political asso- ciations formed under the umbrella of the National Move- ment last year, are expected to have almost unlimited funds which will be of special value in the rural areas. The Govern- ment has decreed that those political associations already approved do not have to go through the two-month registra- tion period demanded for other parties, so they can begin opera- tions almost immediately. Four of the largest groups have already announced that they are forming an alliance and might be expected to do well in some country areas and perhaps parts of Madrid.

The strong ambitions of Senor Fraga will be expressed through his party, Democratic Reform, and there are signs that aided by Senor Adolfo Suarez, the Secretary General of the National Movement, some of that organisation's extensive political machinery could be put at his disposal. Senor Fraga, who thinks he might be able to dominate the Congress, has to decide whether to quit as a Minister in the autumn to con- centrate fully on his campaign, while his enemies are confident that his handling of the refer- endum campaign will finally reveal "his true authoritarian nature."

Until it is known which parties are going to register with the Government (only Antonio Garcia-Lopez's Social Democrats have so far announced their intention to do so) speculation on possible elec- tion line-ups is of little value. But it can be expected that other than the strictly regime parties, or those headed by Government Ministers, the Right and Left-wing Christian Demo- crats will be represented in the Lower House, plus perhaps a few Social Democrats, a few regionalist parties, and if they compete some Socialists.

Posturing

Senor Felipe Gonzalez, Secre- tary General of the PSOE, argued in a recent interview that just one truly socialist voice in the Congress would be enough to reveal the absurd anti-democratic posturing of the Government, indicating that he is personally willing to com- pete. But decisions by the opposition parties will have to await their party congresses, and even after that the Govern ment has the right to wait two months before giving approval and subsequently can suspend a party for infringing the rules which are drawn to give the widest possible scope for inter- pretation.

To reach the stage of elec- tions, however, the evolutionist members of the Cabinet will need to be extremely resolute. *The inter-regime struggle is far* from over, although there are signs that the King, after a hesitant start and now receiving more vocal support from his father, Don Juan, is throwing more personal weight behind the reformists. Juan Carlos's speech to the U.S. joint session of Congress was the most liberal made not only by him but by any of his Ministers and will increase the sense of disillusion if concessions are made to the Franquist rump that is still pledged to stop the dismantling of the former regime.

The wilder members of the ultra-right, as with their com- patriots at the other extreme, remain capable of weakening the strength of the reformists in the Government. Members of the Basque separatist ETA and extreme Rightists have shown what they can do to lift the political temperature this year and the rather equivocal attitude of the Government and police in handling these matters is an additional cause for con- cern. At the moment the battle within the regime and outside it is largely being fought with words and among what is still a largely political elite. When some people begin to understand fully the consequences of what is at stake, and that especially means some employees of the regime, then the bids could be upped sharply.

Into this overall equation there also has to be imposed the regional issue, especially that of Catalonia and the Basque region, where unity of demo- cratic purpose and hostility to central government is much more firmly entrenched than elsewhere in the country. Autonomy has hardly left the ground as an issue yet and the Catalans are likely to be some of the first to show how to take advantage of moves towards democracy. As both regions are vital to the industrial perform- ance of the nation they will be watched by the regime with special care in the months ahead. Such a complex political cocktail as Spain will probably not reveal its true flavour for a year or two, and, as Mr. 007 Bond said in a different context, it is something to be lightly stirred, not shaken.

R.M.

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GROWTH IN SPAIN

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It is obvious that Spanish economic development during the past fifteen years has been attained through an increasing process of integration between Spanish and the World's economies, and as part of this process foreign investment in Spain has played a crucial role.

In effect the three main pillars of Spanish economic policy which has been used for the past two decades have been the consequence of a total flexibility of the economy in order to adapt it to the schemes of a market economy, the maintaining of a realistic rate of exchange and its handling according to International Monetary Fund regulations as well as foreign investment as a support of the economic expansion process.

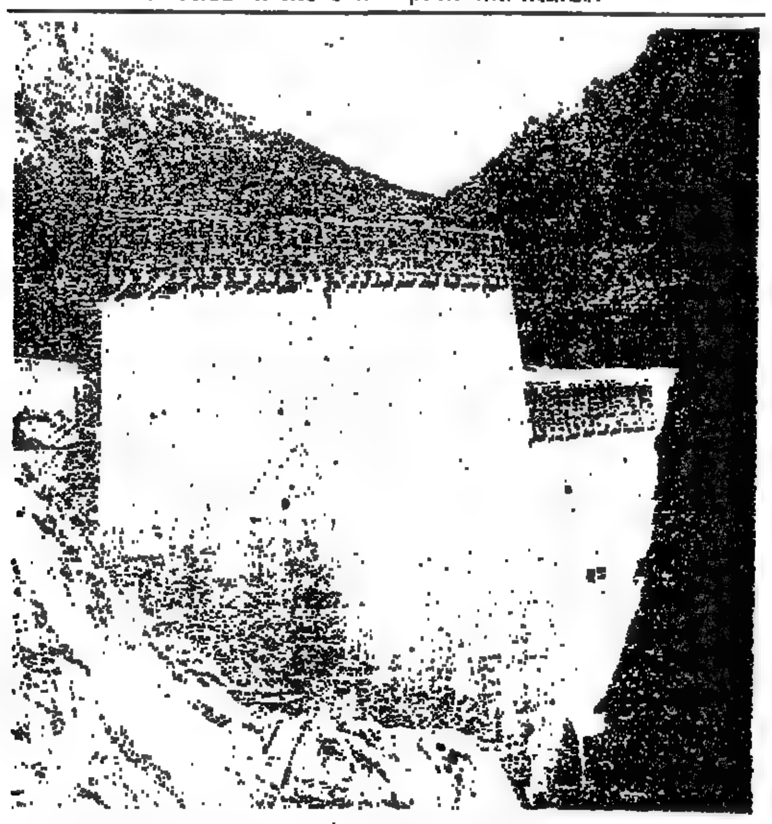
Foreign investment has made it possible to obtain the additional amounts of capital needed in order to achieve the forecasted rates of development, simultaneously with the income for foreign payments required to offset our trade balance which was strongly influenced by the rapid growth process, and, last but not least, it has also supplied the technology needed to improve business methods and production processes.

With a climate of freedom for the exercise of their economic activities, foreign corporations have obtained during the last years satisfactory levels of yields in a market with a great dynamic growth. In this economic climate, the total amount of foreign investment has been very important, especially direct investments, namely those that materialize in the control of Spanish companies by foreign capital, which amount to an annual figure between 300 million and 400 million dollars and have contributed as a principal element to the favourable course of the Spanish economy. At the same time, this important flow of capital serves both as a receiver of investments and also for new investors, as a valid reference in our market.

The wish to attract foreign capital has not changed in the government's declarations insisting in the function that is being left for foreign capital in Spanish economy. To this effect liberal and wide legislation allows participation of foreign capital without government intervention up to 50 per cent. of the total capital of the company and there is also quite a liberal system granting authority for higher percentages. The latter is easily obtained.

On the other hand, growth expectations for Spanish economy are reasonably good: there is still an abundant supply of labour, fairly well trained, or with easy training capability, productivity increases of the Spanish economy which stand well over the OECD average still have great possibilities for improvement and, finally, internal demand in rapid evolution offers an interesting market.

If we add to this, as Spanish foreign trade figures show, the country's great possibilities as a platform of concurrence for third markets, we can have an idea of the attraction for foreign investment that Spain maintains.



Dam under construction

OVERSEAS TRADE EXPANSION

Growth in Spain in recent years was brought about by a remarkable expansion of Spain's foreign sector. Imports in 1959 amounted to 8 per cent. of GNP. Last year this figure nearly doubled (15 per cent.). Other items have followed the same pattern. Tourism, for instance, leaped through the sixties to levels that would have aroused incredulity only a few years before.

The fast rate of growth has only been possible thanks to avidly needed purchases of foreign goods by domestic industries. Economic growth thus explains the upward trend of imports.

The removal or reduction of tariff barriers to trade has played an important part in this. Spain, a member of most international economic institutions, has made clear to the EEC its intention to become a full member as soon as possible, considering the present 1970 Treaty, for political as well as for economic reasons.

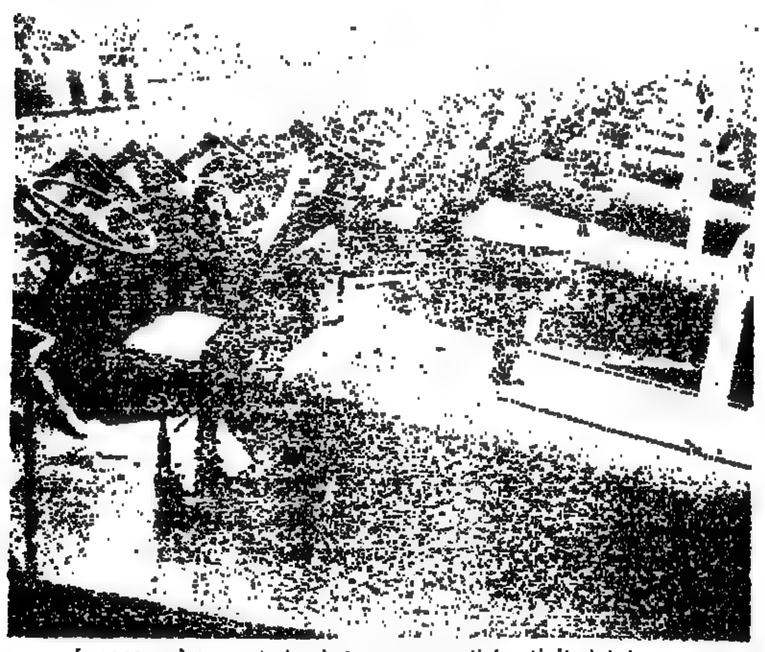
The build-up of new industries has made Spanish products highly competitive everywhere. Many would be surprised to know that in 1975 only 22.1 per cent of Spanish exports were made up of agricultural goods, 23 per cent. of consumer goods, 21.5 per cent. of investment goods and the other 33.8 per cent. of raw materials and semi-manufactured commodities. Spain is no longer an agricultural country. Food is no longer the basic export product, as is still widely presumed. Ten years ago, it accounted for 46.7 per cent. of total exports, and investment goods for only 10 per cent. The widespread re-adjustment in trade structure stands as the best proof of Spain's economic vitality. A growing number of customers all over the world rely on Spanish technology and craft.

This breathless growth rate has put the trade balance under severe strain. Until the oil crisis, exports, tourism and migrants' transfers covered import payments comfortably, thus levering the balance of payments on current account. Heavy reliance on imported oil, as it lacks energy resources, has made Spain's Trade balance in 1975 the world's most unfavourable ($7.3 billion), despite the 7.3 per cent. growth in exports, amid a general trade slump.

The overall surplus on invisible earnings was not enough to outweigh the deficit on visible trade, the current balance showing a $3.5 billion deficit in 1975. Continuation of a trade deficit was thus foreseen and fashioned a widespread conviction that the Peseta was overvalued. The recent devaluation has set Spain on the road towards external balance in the medium term. In the short term the situation seems quite manageable, as the Official reserves amount to more than $5 billion. Spain will finance its next current balance deficits without any stress.

The favourable trends already shown by the western economies, will help Spain to level its external balance, as foreign customers and visitors will see their purchasing power increased by the economic recovery.

Becoming an EEC partner will also help by giving Spanish products free entrance to a much larger market. Western Europe would also gain a dynamic member, thus resting on a secure base.



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HIGH ECONOMIC GROWTH RATE

Spain is one of the countries which has experienced a high economic growth in the last fifteen years. The annual rate of development during this period has been 6.7%, remarkably higher than those of France, West Germany, and even the United States. This country, with a privileged geographical position, between two continents, and with access to three great seas, enjoys a great potential for development, with its abundant labour force and its capacity for investment and rapid assimilation of technological progress. This profound process of economic growth is evident in the evolution of the main indicators. In 1960, Spain's per capita income was slightly over $300 and in 1975 this figure has grown to $2,000.

One of Spain's most important economic resources is its human capital: its population enjoys improving qualifications and productivity. The Spanish population has experienced strong expansion, showing an increase of 16% during the last fifteen years, therefore contributing to an important rejuvenation of its potential labour force which, in spite of the considerable and constant increase of employment levels, could be completely absorbed only with difficulty in the future.

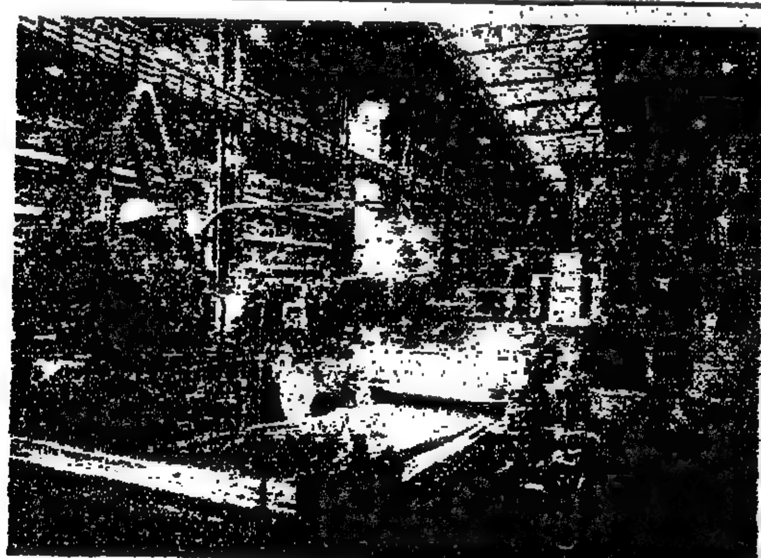
The surprising development of Spain has consisted not only of a quantitative growth of the main economic magnitudes but also a profound transformation has taken place in the production system. This becomes evident in the evolution of the relative sectors of production from different economic areas.

Agriculture has slowly yielded its traditionally important role in favour of industrial production and services. Capitalisation of agrarian production and the constant movement of the labour force towards other sectors has improved productivity in the land and has brought about a change in the economic profile of Spain. From being a country of great relative agrarian output she has become a strongly industrialised nation. Agriculture in 1960 accounted for 23% of its GNP and to-day it is only 10%.

It is well known that to-day Spain is one of the world's biggest industrial countries. Industrial growth has experienced one of the greatest increases this century, comparatively higher than those shown by countries with really outstanding industrial progress like Italy, West Germany or France, and even comparable to Japan's remarkable process of industrialisation.

In the services field, Spain has also reached considerable expansion helped to a great measure by the impact of tourism. This feature is well highlighted by the number of visitors from abroad which has increased from six million in 1960 to more than 30 million in 1975 (Spain's population is thirty-five million).

In the same way as the boom in the Spanish economy took place after overcoming isolationism and with the departure from the so-called economic and political autarchy at the beginning of the sixties, the start of a wider process of incorporation into Western institutions taking place in Spain can now lead to a new stage of growth on a quite different and stronger base. More active competition with European markets, extension of commercial activities in international markets, introduction of new management techniques, attraction to foreign investments, among other factors, will help very effectively to maintain the high rates of growth and to start a new process of development within "new frontiers," more in accordance with the Western institutional framework.



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هكذا من الأصل

Banks speed expansion

THE QUALITY of Spain's banking and financial institutions has improved impressively during the past 25 years even though the essence of those structures remains basically unaltered. Impelled by the rapid strides of industry, services have become more sophisticated as especially the modern banks have reacted to the needs of a country becoming steadily more reliant on international trade and each day tied in more intimately with the performance of other Western economies.

However, these changes were largely self-generated and were adopted by those institutions starting from a relatively low base in order to combat the entrenched power of their senior competitors. This is well demonstrated in the private banking sector where efficiency and modernity has brought its rewards, but equally its absence has not necessarily been an obstacle to those who for historical or political reasons could retain their status.

Spanish banking is synonymous with profitability, and given the present rules, rightly so. Some critics have described it as capitalism without risks and however unfair such a description might be its accuracy could be measured in the coming years when political and economic factors threaten to force important changes. Señor Juan Miguel Villar Mir, the controversial Finance Minister, said in New York less than two weeks ago that he thought Spain might make an application to join the Common Market during the course of next year and that membership could become a reality by 1980—a prospect that might keep a few of his banking friends awake at night.

There is already consternation at the under-the-counter price Spain may have to pay for American financial and economic assistance in the coming months. Since the Civil War only one foreign-owned bank has been allowed to open in Spain on anything but a representative basis. Those four banks already operating before the war — the Bank of London and South America, Credit Lyonnais, Société Générale de Banque and Banco Nazionale del Lavoro — were allowed to continue but with severe restrictions on the number of branches they could open. As a result their joint deposits today are probably well under 10 per cent. of the total of Banesto, Spain's largest bank. However, there is a queue of foreign banks that theoretically at least would like to have the option of opening in Spain, with the Americans by far the most numerous.

During last year the rule against foreign-owned banks was breached by the Banco Arabe-Espanol, a move dictated by the necessity of attempting to channel some of the Arab oil funds towards Spain. Local banks hold 23.3 per cent. of the capital, the Official Credit Institute 9.3 per cent. and the State holding company INI 7.3 per cent. while the remainder the controlling interest of 60 per cent., is divided equally between the Foreign Trade Contracting and Investment Corporation of Kuwait and the Libyan Arab Foreign Bank. Even though this could be described as a pragmatic decision that established no precedent there has been sufficient economic evidence to suggest that before long other banks will be given similar rights.

Foreign

On the grounds of reciprocity alone Spain will surely find it difficult to hold out for much longer. To deny foreign banks the right to act in your country while you are busily opening branches in theirs, especially in London, Paris and New York, will only be tolerated for a limited time and becomes more questionable when those same foreign banks are providing fairly substantial long-term loans to help with your country's economic recovery. And anyway the opening of foreign banks in Madrid need not bring the threat that some local bankers obviously believe it will.

They will certainly be effectively barred from competing for deposits on any large scale, although they could pose an important challenge in handling the business of the numerous multinationals in Spain and especially in foreign transactions and loans. Minority participations in Spanish industrial banks have been developing for some time with a particularly broad spread in, for example, Banco de Financion Industrial, Banco de Desarrollo Economico Espanol, Banco Europeo de Negocios, Banco del Noroeste and Banco Urquijo. How long the next logical step in permitting majority foreign participation in the commercial banking world will take may ultimately depend on the scale of resistance that is put up by those domestic groups who fear they have most to lose, and certainly it would be wrong to underestimate their influence.

The competition among the banks for deposits via the opening of new branches has been one of the dominant features of the past 18 months. Last year a staggering 1,965 new banking outlets were opened in Spain, a figure only slightly below the total of bank branches that existed in 1948. This surge was the response to the freeing of Government controls on the opening of new branches, introduced by the then Finance Minister, Senor Barrera de Irimo, in 1974.

The cost of such an extensive operation was obviously substantial, especially as several banks were seeking to establish themselve more forcibly in densely populated industrial regions where land prices and rents tend to be correspondingly high. While for some banks the financial logic may have been questionable, for others it was based on the necessity of ensuring a more geographically balanced search for deposits which will probably lead to a subsequent closing of branches in other less developed regions.

The rapid economic growth of the country has led to increasingly severe regional differences as the population has tended to flock to the main industrial centres and relatively little has been done by Madrid to check the flow. Thus some banks with a definite regional character that are sometimes partly promoted for political reasons—the best examples are to be found in Catalonia—have proved particularly successful in harnessing local sentiment and benefiting from the overall growth of their provinces.

However, such examples tend to be exceptions to the general trend, which is for increasing power in the hands of the top seven banking groups. While Banesto remains at the top of the deposits league table, Banco Central and Banco Hispano Americano have continued to vie for second place. Banco Central's acquisition of the Banco Industrial de Leon was just enough to keep it ahead of Hispano, which earlier had taken control of Banco de Gijon and Mercantil e Industrial. The highly intriguing Rumasa group, which at the end of 1975 counted 14 banks among its fast-developing empire was also active in the takeover field, although still outside the Big Seven.

Even among the biggest banks, however, the toll of expansion and inflation is beginning to tell, along with the difficulties that some of their affiliated industrial companies are experiencing. A sign of this is that some banks which have provided certain services free are now beginning to charge customers for them. Some bankers estimate that the steady increase in costs is going to force many more mergers in the next two or three years and point particularly to the problems that certain small non-specialist banks are encountering. New banks may also find similar troubles. But the squeeze on the big groups is only very relative and most of them have experienced a satisfactory 1975 albeit with reservations about future trends—especially if the sudden spurt in the rate of inflation is not brought rapidly under control.

Control

This is specially relevant in Spain, where it has been estimated that the banks control, directly or indirectly, over 40 per cent. of manufacturing industry. It is also important when related to the political moves under way to introduce a form of democracy. According to one private study the ultimate control of the main banks is now much more widespread than even 10 years ago, thanks to the rapid succession of new share issues. It is suggested, for example, that in none of the big groups is more than 10 per cent. of the shares under one family's or individual's control even though the Board of directors may continue to act as though it is the sole proprietor. Therefore it can be argued that with determined co-operation shareholders might in the not too distant future begin to exercise an influence on banking policy that to date has never been contemplated.

Similarly a more representative Government, should one take office after the elections promised for next spring, may have very different ideas about the behaviour of the banking sector. Nationalisation is not a popular word but it is being raised by several moderate political parties, which though without any immediate prospect of taking office doubt whether some of the major banks can be sufficiently flexible in the face of rapidly changing circumstances to adapt to the urgent economic reforms which at some point will have to be pushed through.

Meanwhile the savings banks, which are substantially controlled by the Government as to the placing of and interest rates on their loans, are continuing to press for the greater freedom that would recognise the fact that they now have over 31 per cent. of total banking deposits in Spain. Resentment is accentuated by the savings banks' relative inability to invest in the region from which the bulk of their deposits are won. It may be significant that some very senior officials from the Finance Ministry, who left soon after the arrival of Senor Villar Mir last year, have since found employment in the savings banks.

However, any freeing of the investment policy to be followed by the savings banks would have to be accompanied by a searching re-examination of the country's industrial role. An important part of savings banks deposits go, for example, to purchase the bonds issued by the State holding company INI which are issued below the officially established rates of interest, and even more substantially below the sort of rate prevalent on international markets.

If the Peseta is one day to become a freely convertible currency, which could be expected as a result of Common Market membership, then Spanish interest rates will have to come into line with those prevailing internationally at serious cost to some companies which have for long relied on cheap and abundant credit from official or semi-official sources. The Spanish "economic miracle" was largely financed by artificially low interest rates, the disappearance of which is going to impose further burdens on management.

But there are areas, especially among the small and medium-sized companies, where market rates have been paid for some time via the so-called "*extratipos*" the illegal high rates banks charge for loans during times of tight money. This system, it is argued, by applying equally to depositors has already established a system of more or less free interest rates even though only loans or deposits of over two years fall outside official controls.

Uncertainties also hang over the stock exchanges of Madrid, Barcelona and Bilbao, which generally have suffered a depressed year so far because of the general economic uncertainty spiced at times by parallel political doubts. The absence of buyers pushed the Madrid index down from early in the year but assisted by a strong Government public relations campaign and direct intervention the 16 per cent. drop on the year was recovered about six weeks ago, only for the market to slip steadily down again. Although there is a certain amount of selling pressure, which at times has not been fully seen because of the absence of buyers with whom to strike bargains, it is more the absence of investors which is causing concern. This has particularly affected large concerns such as Telefonica, which has had great trouble in placing new issues.

Barometer

Despite the narrowness of the market, which can be manipulated with comparative ease, the Madrid Press in particular tends to look on the Stock Exchange as a good barometer of business sentiment. Hence a persistent fall over four days can induce in some people such a feeling of uncertainty that official action is taken even though the number of shares that has changed hands is extremely small. Just how much paper the Bank of Spain has acquired in the past few months is not known but like several other policies adopted by the regime it must obviously have its limits.

The recent boom in property prices is in part an indication of where some investors are putting money which previously might have gone into investment trusts or other shareholdings. This mood will also deter non-quoted companies coming to the stock exchanges, a trend that has always been hampered by the widespread tax evasion that is practised.

Obviously all parts of the Spanish financial world would welcome most of all a positive set of indicators showing that the economy was climbing out of the recession. Industrial confidence is poised at the point where it could still be pushed either way. Yet it may be too much to hope that in the two months before the referendum campaign the Minister of Finance will be able to announce anything more convincing than that Spain's international allies have been willing to underwrite for a while the country's attempt at political evolution.

R.M.

Industry despondent about inflation rate

THE SPANISH industrial sector should be poised for an important increase in activity during the second half of this year if the Minister of Finance's predictions of a 3 to 4 per cent. growth in GNP during 1976 are to be realised. With levels of plant utilisation well down on two years ago, no problems about availability of labour, and a strong economic reactivation among some of Spain's main trading partners the basic conditions would seem right. Yet surveys of business opinion continue to reflect only a small rise in confidence and a persistent doubt about both economic and political factors.

Economically, the main concern is that the rate of inflation, having diminished towards the end of 1975, is again rising strongly. Apart from the repercussions on costs of materials it also makes itself felt fairly quickly in renewed wage demands that according to Government instruction should be held at the rise in the consumer price index for the preceding 12 months, plus in supposedly exceptional circumstances, an extra 2 or 3 per cent. Naturally this has tended to become the basic demand.

Politically, and quite apart from the generalised concern that many Spaniards have for the future, there is the more immediate fear that policies affecting industry, especially in the area of labour relations, will be dictated more by the struggles within the Cabinet or Cortes than by economic needs. More and more industrial leaders are demanding the sort of wages agreement reached recently in Britain, but their chances of achieving it do not seem to have improved and probably will not until there is a change of Government.

Recession

That Spain was later into the generalised Western industrial recession than almost any other country is shown by the way the worst effect of the quadrupling of oil prices did not bump itself on the economy until into 1975. Having been working at near peak capacity up to the autumn of 1973, Spanish industry was beginning to suffer from the generalised overheating of the economy when the Arab-Israeli war broke out. For a variety of largely political reasons the pace of industrial slowdown was not allowed to become significant until the last quarter of 1974.

State-run industries in particular maintained levels of production that were not matched by demand, with the steel sector being accused at one time of "dumping" while also building up high levels of stocks. Few measures were taken to reduce energy consumption and government officials went on talking of growth rates that in most countries would have been considered absurd.

But Spain has become accustomed to high industrial rates of growth and actually turned in an increase in monetary terms of 24.4 per cent. during 1974 which was 5.7 per cent. in real terms. However the bulk of this growth was achieved in the first half of the year and 1975 began with a first quarter drop of 6.7 per cent. followed successively by falls of 1.8 per cent. and 2.1 per cent. only to pick up again (2.5 per cent.) in the final quarter. The final figure for the year of a 3.5 per cent. drop in Gross Industrial Product was less perhaps than many people had feared and owed something to the fact that the final quarter was much freer from labour disputes than ought have been expected.

However, the reaction was to come. The first three months of 1976 were marked by some of the longest and most extensive strikes and other forms of industrial action that the country had experienced for very many years. Certainly it effectively delayed the slight signs of recovery that were beginning to appear during the last quarter of the previous year and acted as another sharp upward twist to industrial costs.

Distorted

Although wage figures in Spain tend to be distorted by a number of factors it was officially stated that average hourly earnings in industry rose by nearly 30 per cent. in 1975 as against 26 per cent. the year before. So far as can be assessed the figures for the first quarter of 1976 will not be markedly different, with some employers known to have settled for amounts above the level stipulated by the Government. This has applied principally to the larger employers, whereas among some of the industries where small and medium-sized companies predominate the increases have generally been lower.

In addition the passing of a labour law which contained new regulations on overtime working and other employee benefits, has had an effect on industrial costs that has tended to be overlooked in the more heated discussions about the right of employers to dismiss workers. Under previous labour legislation a worker sacked by his company, usually for militancy, need not be re-employed even if a labour court ruled that the man had been unfairly dismissed. Instead the company could choose to pay the sacked man a fixed sum in compensation. Now, however, the employer will not have that option and once a court rules that a worker has to be reinstated there is no choice.

Combined with the difficulty that employers have in laying-off workers, this latest move, though perhaps equitable, has been said by some employers to have intensified an already rigid labour market. But even though employers may complain that they are forced to carry labour forces which they cannot afford, this has not stopped a steady increase in unemployment during the past 18 months. Partly this can be explained by the amount of casual labour laid off in the construction industry, a sector normally not included in general industrial statistics. It can also be expected that the experience of the recession will make many employers much more wary of adding to their payrolls when demand really begins to pick up and to increase interest in foreign-produced labour saving machinery.

Productivity, though not an issue during the year of fast industrial growth, should also now become of far greater importance, especially if for political reasons the growth in wages cannot be more than marginally contained. But this again is caught up in the complexities of "trade unionism" as opposed to the Government-run "sindicatos." Furthermore the task of the Government during the next few years will be to create employment on a fairly large scale while trying to remain competitive on price terms in Europe with a rate of inflation above the OECD average.

Official figures for 1975 according to individual industrial sectors show interesting variations in production with, for example, cement output up by 2.5 per cent. although the construction industry itself was severely depressed. Ship launchings, up by 14 per cent., also figures among the so-called "most dynamic" sector. However this reflects the fact that until recently Spain ranked as the fourth largest shipbuilder in the world and was completing a cycle of production which will probably not be repeated for some time.

In order to alleviate the serious problems of the industry, the Government decided at the beginning of this month to provide financial facilities for the construction of up to 1m. tonnes of shipping for incorporation in the Spanish merchant fleet. This, together with other special aid, reflects the almost total drying up of new orders from abroad and the cancellation of several important orders for larger vessels. Some industry sources suggest that in individual cases yards have work for less than a year. As around 90 per cent. of shipbuilding capacity is controlled directly or indirectly through INI, the State holding concern, the Government was obliged to provide exceptionally generous help.

The fast growing motor industry, although hurt by the recession, was less seriously affected than in many European countries, output falling by 1.4 per cent. last year. Demand, in front of recent prices increases, helped to make May an excellent month for sales and some companies report that they cannot produce enough of certain models. Industrial vehicles have suffered more, production dropping by 11.1 per cent. last year. The market is still very sluggish although it improved in the first months of 1976.

The entry of Ford into the market this autumn when its new plant at Almusafes near Valencia comes onstream is keenly awaited. Its first compact car, the Fiesta, will be limited on the domestic market to 10 per cent. of the previous year's total car sales in Spain and to one third of the factory's total production. So although initially it will not provide too much of a quantitative challenge to Seat, the biggest and partly-owned State producer, to Fasa-Renault, Chrysler and Citroen, the competiton can be expected to warm up later. Ford should make an immediate contribution to the balance of payments by exporting two thirds of its production, having already provided an important part of the total of foreign investment in industry last year.

Figures for 1975 show that authorised foreign investment in industry (involving more than 50 per cent. participation) totalled Ptas.23.8bn. (£200m.) of which Ford contributed Ptas.15.5bn. (£130m.). Removing the Ford figure, total foreign investment in industry last year was down by 4.7 per cent. over 1974. With Dow Chemicals going ahead with plans for a large ethylene plant, Spain still has the prospect of other substantial sums coming during the next few years even if the more general investment climate has worsened markedly. Total industrial investment in 1975 declined in real terms by 9.2 per cent. There is nothing to indicate conclusively that it has turned the corner. However the moment has hardly been more propitious for foreign investors as the indications are that the Government will be extremely flexible and sympathetic when dealing with applications.

Sectors

Heading the list of industrial sectors which performed below the year's average are the various parts of the textiles industry which was already in one of its cyclical downswings when the more general recession arrived. Output of some products was down by over 20 per cent. with some parts of Catalonia particularly affected. Efforts to rationalise the industry have not met with outstanding success, largely because of the number of small family-owned companies which are reluctant to surrender their independence. The footwear industry has also had short-term problems added to its longer-term structural difficulties although the threat of countervailing duties being imposed on exports to the U.S. has finally been shelved.

But there are now emerging some signs that world demand for Spanish industrial products is beginning to pick up slightly even though there would be more confidence among some economists if the country had a better range of goods on offer. Senor Villar Mir, the Minister of Finance, was extremely optimistic during his recent visit to the U.S. that industry was turning the corner and ruled out the risk of nationalisations. His faith rested, he said, on the efficiency of a free market economy. But in view of the difficulties of various basic industries, the credit lines that are made available through the so-called "privileged circuits," and the fact that INI is responsible for nearly 10 per cent. of industrial output, the word "nationalisation," which will be heard increasingly often in Spain during the next couple of years, can clearly have many different interpretations.

R.M.

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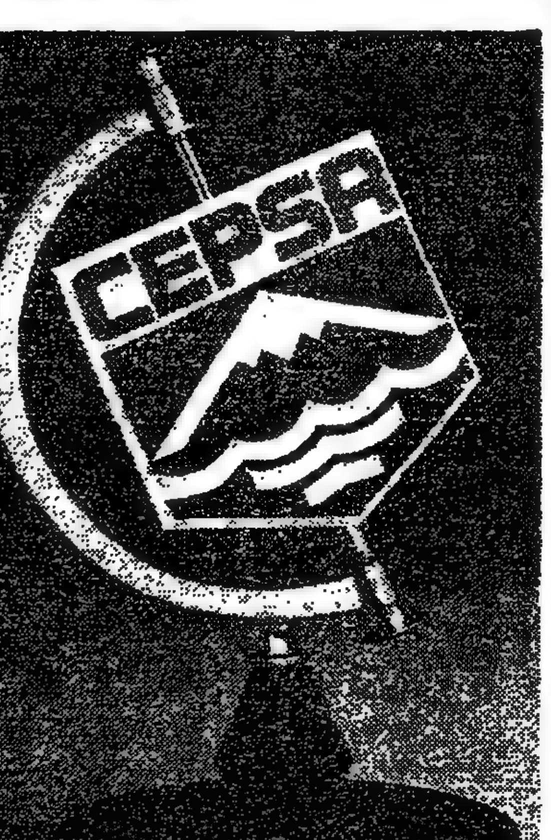

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Capital stock	9,4925	9,492.5	6,102.5	6,102.5	4,843.9
Retained earnings	4,164.6	4,102.8	4,102.8	3,561.3	2,918.9
Depreciation and Depletion	18,364.4	16,702.8	10,813.5	9,291.3	8,272.0
CEPSA revenue	70,803.1	66,205.0	30,021.1	24,459.1	22,979.0
CEPSA subsidiaries' revenue	14,236.0	11,587.0	6,581.0	5,172.0	4,255.0
OPERATION:	(Thousands of metric tons)				
Crude Oil processed	11,060.5	12,535.9	11,884.8	11,561.2	11,471.0
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OUTPUT 1975: 2.01 Million Tons

The Shareholders' General Meeting of the Compañia Minera de Sierra Menera S.A. took place on March 1976, attended by 75 per cent. of the company's capital.

During 1975, iron ore production exceeded 2 million tons, with 47 per cent of the total sales going to foreign markets—Great Britain, West Germany, Holland and Belgium—and the rest to the domestic market.

The Company's main target for 1976 is to exceed the previous year's output in order to increase its supplies to foreign markets.

Notable among the projects of Sierra Menera are the improvements of their mine installations, renovations of the mining machinery fleet and the construction of a new ore loading site at Sagunto, Valencia. This new port facility is of tremendous significance since it will permit vessels up to 70,000 tons deadweight to load at a speed of 2,000 tons/hour.

The work on this project is well advanced. The approach deck works have already exceeded 1,300 metres out of a total length of 1,500 metres and it is expected to be finished by the end of this year or early in 1977.

The estimated investment for this stage in the improvement of installations and port facilities will exceed 1,600 million Pesetas

Two new capital issues are authorised for 1976—one free at 2 x 17 charged to the Regularisation Account, and one at par, of 2 x 7.

Madrid, April 1976

New style foreign policy

A COUPLE of months before General Franco's death on November 20 last, Spain's foreign relations had reached their lowest ebb for over five years. All nine members of the Common Market had withdrawn their ambassadors from Madrid in protest at the regime's rejection of repeated appeals for clemency for five alleged urban guerillas who had been sentenced to death by summary military courts martial. Mexico ordered all Spanish government employees out of the country, there were anti-Spanish demonstrations in many European cities, and even the U.S. issued a statement that hinted of regret at the executions. General Franco said this was all the work of an international Communist conspiracy and hundreds of thousands gathered to cheer him outside the Royal Palace. If there is one thing most Spaniards do not like it is international interference in their domestic affairs.

While this was happening King Hassan of Morocco was stepping up his pressure on the regime to hand over the Spanish Sahara with all its phosphate and other mineral wealth. In the confusion of the month of General Franco's illness a rudderless government that was more preoccupied with domestic affairs was an easy victim to such blandishments. Eventually, after some remarkable about-turns in policy, it tamely ceded the Sahara to Morocco and Mauritania, leaving the 75,000 population not to self-determination, as it had repeatedly promised the United Nations, but to new masters.

Paradoxically, these events made the task of Senor Jose Maria de Areilza no more difficult when he took over as first Foreign Minister of King Juan Carlos. His arrival obviously heralded a new style in Spanish foreign policy, both because of the change in regime and because of the qualities of the Minister himself. A monarchist and a liberal he had been ambassador in both Paris and Washington while inside Spain he was the only one of the new ministers to have had previous contact with a wide number of opposition parties.

Spokesman

He was also ideally suited to act as a spokesman for the King with whom he maintains close relations, and to present the more acceptable face of the Spanish Government to the outside world. In just over six months he has visited the Common Market capitals and organised what seems to have been a highly successful visit for the King to the U.S. to complete the essential first stage of improved European and cross-Atlantic relations on which Spanish policy will be based.

The oft-stated aim of Spain is to become a member of the EEC and of Nato as soon as is practicable, objectives that were never possible for political reasons while General Franco ruled. Ever since 1953, when the U.S. led Spain out of diplomatic isolation in return for the first agreement on military bases, relations with Washington have been extremely good if rather lop-sided. Eisenhower, Nixon and Gerald Ford all set their seal of approval on the Franco regime by visiting Madrid and lately the U.S. has been increasingly eager that Nato should recognise publically the contribution Spain makes to the alliance, a factor that has become steadily more relevant following events in Portugal, Italy, Greece and Turkey.

Apart from the value of Spain to the U.S. and Nato in strategic terms it also provides a strong market for American goods. The trade imbalance last year was three to one in favour of the U.S. (Spanish imports stood at $2.6bn. and exports at $804m.) although the invisibles and aid factors substantially redress the balance. Over one third of the value of Spanish exports to the U.S. was taken up by footwear, with canned vegetables, tyres, and wines the other principal contributors.

Hence the bitterness last year when there was talk in the U.S. of imposing countervailing duties on Spanish shoes because of the export aid the industry was allegedly receiving from the central government. With competition growing from other countries for a stake in the U.S. shoe market it is clear that Spain urgently needs to develop other marketable commodities if the trade deficit with the Americans is not to widen still further.

Financial links in the short and medium term are also likely to become stronger as Spain struggles with a yawning balance of payments deficit and Washington encourages the regime to keep the Communist Party at bay. Dr. Henry Kissinger's pre-occupation with the activities of the Communists on the Iberian peninsula has become legendary in Lisbon and Madrid but so far as Spain is concerned the Secretary of State may leave office confident that there is no immediate prospect of a weakening of resolve. The weight of American investment in Spain also guarantees that the U.S. Ambassador in Madrid will always be a fairly regular visitor to the Prime Minister's office.

Meanwhile, relations with Europe have improved distinctly, even if the predominant attitude from the EEC members is wait-and-see. Not unexpectedly the West Germans have been most active in support of the new regime and will probably be one of the most vigorous advocates of Spanish membership if and when the matter comes up for serious consideration. Spain is currently more anxious about a satisfactory conclusion to talks on the readjustment to its EEC trade agreement made necessary by the accession of the three new members. There is little evidence in Madrid that serious thought has yet gone into the eventual consequences of a successful bid for entry on those parts of industry that are still very heavily protected—attention being focused far more on the political advantages.

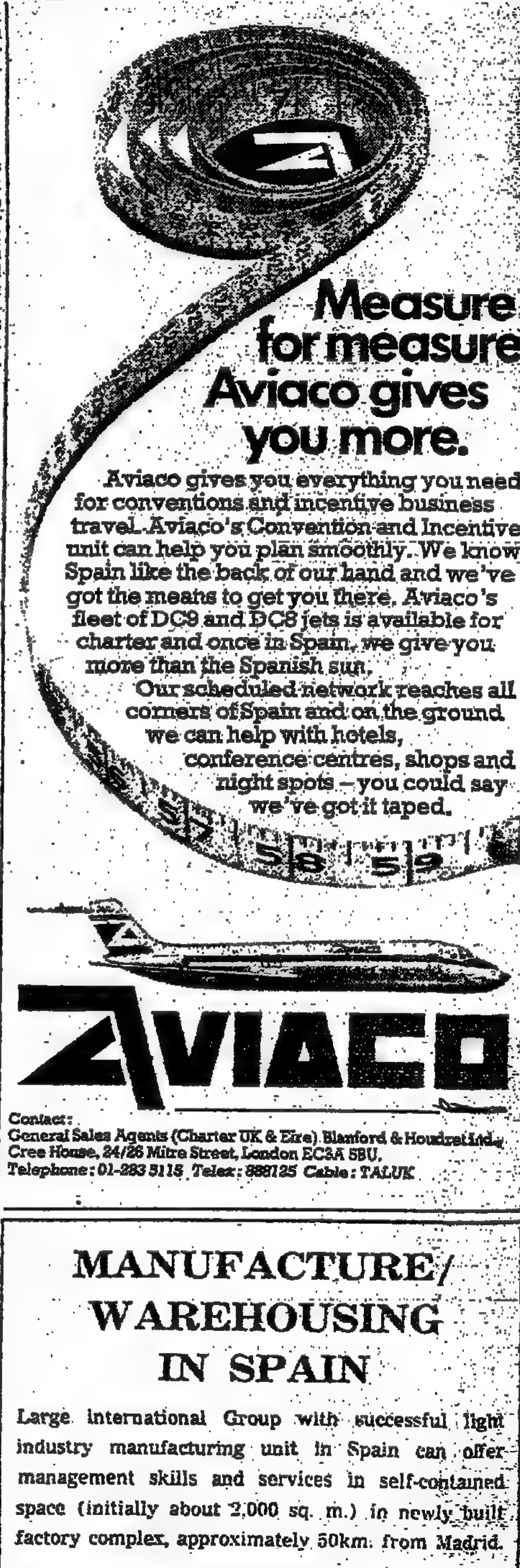
Conditions

The political conditions Europe will eventually set Spain may vary according to the composition of its member governments, but it would appear that the current reform plans of the Madrid regime will fall some way short, or at least leave plenty of room for contrary arguments. This is particularly relevant as next spring's elections will choose a Parliament for a four-year term and Ministers have already said they want to see Spain in the market by 1980, or very soon after. Later this year King Juan Carlos is expected to pay the first of several State visits to European countries in order to capitalise on the success of his trip to the U.S. and to maintain the momentum initiated by Senor Areilza. West Germany and then France are the most likely first candidates, especially as the King has been to Bonn previously and is also on good terms with France's President Giscard d'Estaing.

A visit by Queen Sofia to a synagogue in Madrid has raised speculation that Spain may be thinking of opening diplomatic relations with Israel despite the "special relationship" with Arab countries. This might be logical considering that it was the Arab oil price rises that put the economy in the difficult state it is to-day. However, the timing of the Queen's visit, on the eve of her trip with the King to the U.S., may provide a better reason. Relations with the Arabs remain generally good, although there have been real problems with Algeria which backed the Saharan independence movement, the Frente Polisario, and is still doing its best to harry the Moroccan and Mauritanian occupation.

More positive signs of initiatives are emerging on the East European front, a policy that was initially developed under Senor Gregorio Lopez Bravo. The stumbling block of the Republican gold which was shipped to Russia for "safe keeping" at the start of the Civil War, and which the Franco regime always demanded should be given back, is now presumably going to be eased out of the way. Regular scheduled flights between Moscow and Madrid begin soon and there could well be an increase in trade activity.

R.M.



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Regionalism a growing force

THE ESSENCE of General Franco's regime, as seen through the eyes of the regime itself, woven into the Spanish flag and round the edge of a 25 peseta coin, are the words "One, great, free." Even now, when the Franquist Right-wing gathers, they chant in response to the cheer-leader, "Spain one, Spain great, Spain free" and when this is done outside Madrid there might be special emphasis on the word "one" because separatism, autonomy, regionalism (by whatever name) was one of the great anathemas of the old regime.

And to-day, if you ask the Minister of the Interior, Senor Manuel Fraga, if he might consider the sort of devolutionary plan considered for Wales and Scotland being applied to some regions of Spain, it is best to accompany the question with at least half a step back. The law allowing for political associations or parties is no less specific, ruling out any group which attacks the sovereignty, unity, integrity, independence and security of the nation. "Separatism" is seen by the regime as one of the basic causes of the Civil War and as such will never be allowed to re-emerge, even though it might eventually be possible to recognise the rich regional differences of the country.

Yet regionalism is a burgeoning force both politically and economically. Although Catalonia, with Barcelona as its capital, and the Basque region centred on Bilbao tend to capture most of the headlines, and rightly so because they seem likely to have a powerful effect on the evolution of Spain, this should not disguise the fact that in Galicia, Valencia, Andalucia, Aragon, Navarra, Asturias, even in the Canary Islands, there is a growing expression of local identity.

Centralism

There is no uniform pattern of grievances, unless it is at what is considered to be the extreme centralism of the Spanish form of government. The Catalans and the Basques campaign for autonomy and they are relatively rich. The Andalucians also want a great deal more say in their own affairs and they are relatively poor. Perhaps the common factor among them all is that they claim to be essentially more democratic than the Madrid province, which is always presented as the ogre of reaction and the dead hand of ultra-conservatism.

Spain's economic revolution of the past 20 years has caused no less of a social and structural revolution as industry sited itself largely where it wanted and the workforce followed. Between the years 1964 and 1973 Madrid's population leapt by 37 per cent., the province of Alava by 36 per cent., Barcelona 28 per cent., Vizcaya 27, Guipuzcoa 23—in all there were 27 provinces whose population rose.

The other 25 provinces all lost population, 12 of them by between 10 and 18 per cent. in this same eight-year period. If statistics are taken over a longer period they show an even more impressive movement of population. In part this has been the movement away from the land into the cities and in part the movement from the poorer non-industrialised cities to the northern and north eastern regions.

Figures of per capita income illustrate even more starkly the differences between the rich and poor Spains. In 1973, for example, per capita income in Lugo was much less than half that in Vizcaya, while in Valencia, not normally thought of as a depressed area, it was 36 per cent. below that of Madrid. Even more impressive is that there are only seven provinces which have a per capita income above the national average.

It might seem ironic therefore that the Catalans, all of whose provinces rank among the top ten in terms of per capita income, should argue so strongly that their savings have been persistently drained off by the central government to finance development elsewhere, and especially in Madrid. Under a more democratic system presumably this process would continue even if the manner and the employment of these funds was altered. Not that this point is disputed, only that it should not be done without representation—which is at the nub of most regionalist arguments.

Despite all the publicity that the Government gives to the subject of "separatism" there is really not much of it around. *Federalism* and regional "autonomy," which are rarely closely defined, have strong support in several regions, notably the Basque provinces and Catalonia, but it also serves as a useful slogan that unites disparate forces opposed to the regime. Only in the Basque provinces is there a violent separatist organisation, ETA, which in the past few years has caused a national impact far in excess to its membership.

Basque nationalists until recently refused to condemn ETA's violent tactics because they argued that it could be a legitimate response to a regime which governed by force. However, the murder of a kidnap victim two months ago brought the first public condemnation of ETA, by the Basque National Party—something which reflects both the radicalisation of ETA, natural abhorrence at the crime and the fears of a tough police response raising the political temperature any higher. The "success" of ETA has been that it has in particular moments welded the Basque population together, usually as a reaction to almost uncontrolled police activities that often merely ensured more recruits for the separatists.

Strike

The shooting of workers at Vitoria and the subsequent killing of a demonstrator near Bilbao earlier this year provoked perhaps the most extensive general strike witnessed in the Basque provinces since the end of the Civil War. But this, it might be claimed, was a protest against something rather than support for anything. Almost certainly the Basques would welcome a return to a form of local autonomy but the industrial and financial sectors of the population are so enmeshed with the structures of the Spanish State that separatism is scarcely a practical proposition.

The same might be said of Catalonia, where autonomy, based on the statute of 1932, is a minimum demand by the political forces represented in both the main co-ordinating bodies. The Catalan political leaders argue fairly that their demand cannot be made more specific until the conditions have been created that enable them to consult the population, but meanwhile the various political parties there have achieved a degree of common purpose that is not seen, for example, among the opposition in Madrid. The nationally-based parties in Spain that form part of the Democratic Co-ordination all have as part of their programmes the right for regions to enjoy an unspecified amount of autonomy.

The situation of both these regions is further complicated by the substantial immigration over the past two decades. The influx of immigrants and the repressive actions of the Franco regime have reduced both the percentage of people in the Basque country and Catalonia who speak the local language and who have highly developed affection for the regions. How this will affect voting patterns whenever a free test of opinion is taken will be of great importance for the country and may eventually decide whether in the long term Spain will develop more along federalist lines. But this would presuppose a large shift of sentiment among the present ruling elite, which so far has only offered Catalonia and the Basque provinces special commissions to consider regional needs.

However, it is too late to prevent these northern and north eastern regions having well over half the country's industrial might. This in itself suggests a say in central government by Catalans and Basques that has been largely denied them over the past 40 years, and once autonomy becomes fashionable again—as it shows every sign of becoming—there will be at least another half-a-dozen regions to be taken into serious consideration.

R.M.

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Investment pours into chemicals

AS GENERAL FRANCO lay dying and his Government numbly handed over its Saharan phosphate wealth to Morocco, the West's economy was suffering its worst breakdown in decades and a giant question mark hung over Spain's political and economic horizons. But the chemical industry's attention remained fixed on a more pressing concern: what was going to happen in Huelva?

Huelva, an industrial development zone between Gibraltar and the Portuguese frontier, was the booty in the so-called "ethylene war" between the Spanish chemicals leader, Explosivos Rio Tinto (ERT), and the multi-national Dow. ERT, with partners Hoechst, Ato-Chimie and ICI, and Dow, with Spanish allies Cepsa and Petromed, were both prepared to invest huge sums to establish nearly identical petrochemical complexes in Huelva. After two years both projects were given the green light earlier this year in a decision considered very forward-looking by some and madness by others.

That the two groups should be so anxious to commit something like Ptas.50bn. each to their Huelva projects bears eloquent testimony to the vitality of the Spanish chemicals sector.

Disarray

While the recession pinched painfully in 1975 and market and supply problems threw the world chemical industry into disarray, Spanish firms dauntlessly poured over Ptas.20bn. in new investments into the sector, a 150 per cent. increase on 1974 which had been one of record growth and profits. Another 50 per cent. rise in new plant and capacity worth Ptas.30.5bn. is being put to work this year. And the State-controlled Ampresa Nacional del Petroleo (Enpetrol) and its subsidiaries have over Ptas.70bn. worth of new chemical projects in the pipeline.

The sheer bulk of new output capacity should go far towards erasing Spain's traditional deficit in chemicals by the early 1980s when the current battery of major projects is to be fully operational. While the chemical industry grew spectacularly during the nation's boom years, exceeding the GNP growth rate and sextupling in production in the last decade alone, expansion has been uneven and demand has consistently raced ahead of supply.

Spain ran a chemicals trade deficit of Ptas.16.5bn. in 1965, when the total value of chemicals consumed was only Ptas.100bn. By 1974 consumption had reached Ptas.637bn. but the trade gap had risen almost in tandem, to Ptas.76bn. Even so, domestic output which covered only 23 per cent. of Spain's chemical needs in 1965 now provides about 40 per cent.

Since Spain's own raw material resources are limited stress has been laid on sophisticated products with greater added value, such as caprolactam and dodecylbenzene, pharmaceuticals and tyres. But important shortfalls remain in many base and intermediate organics, dyestuffs, pesticides and plastics. Most if not all of the gaps should be closed as new plants come on stream into the 1980s, although some economists believe demand may continue to outstrip supply in some areas.

Critics of the Spanish chemical scene bemoan the lack of Government co-ordination of the fast-growing industry, the absence of coherent criteria for the approval of new investment, a dearth of research and development activity and a laissez-faire attitude towards the multinationals whose share in Spanish chemicals may well exceed 30 per cent. and is nearly absolute in areas such as pharmaceuticals. With Spain's integration into the European Economic Community now more likely than ever, the protectionist policy employed to nurture the fledgling chemical industry has also come under fire.

In all fairness, it must be remembered that Spain had no experience and few of the other elements essential to building a strong chemical base. Neither the capital nor the capital market was to be found locally, and Spaniards with adequate managerial or technical qualifications to man the complex industry were in even shorter supply. National chemical technology simply did not exist. More than a hundred foreign concerns were willing to provide the necessary capital and know-how, either alone or in partnership with Spanish companies. Of the largest Spanish firms, only ART, Aragonesas, Cepsa, Petromed and Cros are independent of foreign interests, though all rely on technology from outside, and the industry pays dearly for licensing.

Direction

Inexperience and perhaps a certain reluctance to interfere with a booming new industry probably account for the lack of Government direction to date. But the get-rich-quick spirit which prevailed in the chemicals sector since the early 1960s led to serious supply imbalances and a continued heavy reliance on imports.

Sr. Eduardo Becerril Levones, a 36-year-old economist and civil servant recently appointed director general of chemicals in the Ministry of Industry, has pledged to bring more order to the situation. Acknowledging the vital role played by foreign companies within the sector, he hopes to coordinate their activities with Spain's national interest. Investment in research is to be made obligatory in some fields, and incentives will be given to stimulate exports and encourage local production of products now largely imported.

Sr. Becerril is now at work on a product-by-product study of chemical trends in Spain and Europe, which he hopes will aid the Government in orienting the chemical industry by providing reasonable forecasts of future needs. He will also study requests for authorisation of each new project in terms not only of market prospects but also of domestic raw material availability.

Geographically, Spain's chemical industry is concentrated in Puertollano on the Central Plain, in Huelva and Algeciras on either side of Gibraltar and on the coast of Tarragona, although fertiliser plants are scattered widely and some major production is carried on in Barcelona and Bilbao. Peurtollano, fed by Enpetrol's cracker and dominated by its subsidiaries, is now at full capacity with the coming on stream this month of a new 80,000 tpa benzene unit and new styrene, polyetheylene and acrylonitrile capacity.

In Tarragona, Enpetrol will shortly commission the first of two naphtha crackers each with a 375,000 tpa ethylene capacity, around which a spate of new derivatives plants are being installed. Aragonesas is expanding its chlorine/caustic soda operations all over Spain and Cros has a number of major new fertiliser intermediates plants in the works. Over 100 significant chemical projects are under way throughout the country, but the most important by far are the twin Huelva complexes. There ERT will produce 450,000 tpa of ethylene to Dow's 470,000. Between them, the two groups will turn out major quantities of propylene, butadiene, benzene, chlorine, and other products, doubling Spain's present chlorine output, quadrupling ethylene production and raising styrene by a factor of eight. The list of derivatives of Huelva olefins, aromatics and inorganics is lengthy.

The sudden presence on the market of such vast amounts of new chemical products will have a direct or indirect effect on virtually every chemical maker and user in Spain, and will make more than a ripple in Europe, where Dow will market much of its production. The long period of uncertainty whether both or either project would go ahead paralysed the long-term planning of many companies and ended with a nearly audible sign of relief when Huelva's future was settled this spring.

Dwight Porter
European Chemical News

Nuclear energy will dominate power supply

SPAIN PLAYED host in May to the world's nuclear industries when the Foratom Conference met in Madrid to discuss the "Present and future of nuclear energy in Europe." For the Spanish it was an invitation enthusiastically accepted—to demonstrate just how rapidly their country is progressing not only towards self-sufficiency in energy but towards a low-cost electricity supply. The congress was opened by King Juan Carlos and attended by Sr. Juan Villar Mir, Spain's finance minister, who announced his Government's intention of spending about £8bn. on its nuclear power programme up to 1985.

Spain's national electricity plan calls for 22,000 MW of installed nuclear capacity by 1985, of which 1,140 MW are in operation, a further 6,550 MW under construction, and the balance expected to be ordered before the end of 1978. Over this period the nuclear component of electricity generation is expected to rise from 9 per cent. last year to 30 per cent. by 1980, and to 54 per cent. by 1985, supplanting oil as the dominant fuel. The first two of its big reactors are expected to produce electricity next year. This is nine months behind schedule but by world nuclear construction standards a very creditable performance for a newcomer to the nuclear business.

Traditionally, Spain has consumed a greater proportion of its energy as electricity than almost any other nation. Most of it is generated by small privately owned electrical utilities with the State accounting for only about one-fifth of the supply. A non profit-making agency known as ENUSA, composed of 60 per cent. of State-owned interests and 40 per cent. of private utility interests (the seven biggest), co-ordinates supply and distribution, and submits medium-term national plans for the electricity industry to Government.

In the past year the utilities, sometimes in partnership, have placed orders for eight reactors of 900-1,000 MW, to come on-load by 1982. They expect to order another eight by the end of 1978. For many of these stations site licences—the responsibility of the highly influential Junta de Energia Nucleare (usually known simply as the Junta)—have not yet been granted.

The nuclear technology is being imported at present, but the Junta sets steadily rising levels for the scale of Spanish involvement in each project. For Westinghouse Electric, which through Westinghouse Nuclear Española in Madrid secured contracts to supply six of the first seven big nuclear steam systems (NSSS), the proportion set by the Junta was 15 per cent. rising to 22 per cent. for the last. With Westinghouse's second tranche of five reactors (of last year's eight awarded), it will continue to increase to nearly 50 per cent. Meanwhile all contracts for the 1,000-MW turbo-generators so far have been placed with Westinghouse Electric Española. By Government decree, a minimum of 65 per cent. of the complete station in the case of the latest orders will be contributed locally.

Spain's first greenfield factory for nuclear component manufacture is now being commissioned near Santander on the north coast. In 1974 the Government issued an edict saying that it wanted to see a consortium dedicated to nuclear manufacture, with all that implied for quality control and quality assurance. The outcome was Sociedad Equipos Nucleares (ENSA), owned jointly by Babcock and Wilcox Española (giving the U.K. a 35 per cent. stake), Maguinista Terrestre y Maritima, Mecanica de la Peña, and Stein Roubaixes Española.

Components

The Santander factory, expected to produce its first components this autumn, is dedicated to the three big parts of the NSSS — the pressure vessel, pressuriser and steam generator. It is scheduled to deliver its first pressure vessel in 1978, and will build up its capacity until it can deliver four complete sets of NSSS heavy components a year. Alongside ENSA plans to build its second factory, dedicated to reactor internals. When this one is ready, Spain should have reduced the imported content of its nuclear reactors almost to certain specialised materials and electronics.

Within a decade or so Spain expects to be ready to launch out alone as a supplier of nuclear systems to the world market. To what extent it will be able to back up its offers of the NSSS with fuel services is less certain at present, although there can be little doubt that Spain's ambitions are to supply the complete nuclear package. The prime uncertainty lies in uranium supplies.

Spain has indigenous uranium but not enough has yet been found to fuel its own big nuclear programme. Current Spanish yellowcake production is about 200 tonnes a year, and this is expected to increase to 800 tonnes annually by about 1979. The latest estimates put its "reasonably assured reserves" at 10,000 tonnes with the same amount "expected to be confirmed, perhaps even substantially surpassed in the near future."

To put these figures into perspective, the planned output of the new Rossing uranium mine just being commissioned in Namibia is 5,000 tonnes a year. The Junta has undertaken a national uranium exploration effort on which it expects to spend about £100m. by the mid-1980s in an effort to reduce Spain's dependence on overseas uranium, at present admitted to be "to a considerable extent, probably greater than 50 per cent."

Fuel services are the responsibility of another industrial consortium, ENUSA, owned 60 per cent. by the state-owned INI and 40 per cent. by electrical utilities. ENUSA, which has licensed both Westinghouse Electric and U.S. General Electric nuclear fuel technology, is currently building its first factory to fabricate nuclear fuel, scheduled to be commissioned next year. It is also responsible for purchases of uranium overseas and its toll enrichment in the U.S., Russia and France. Spain is a participant in the five-nation Eurodif consortium, now constructing a large commercial enrichment factory in France.

Possibility

Looking further ahead, ENUSA is studying the possibility of a national capacity for reprocessing spent nuclear fuel. The fuel from its three "demonstration" nuclear plants, amounting to about 20 tonnes this year, has been reprocessed abroad—much of it in Britain. But the need for reprocessing will grow rapidly during the 1980s, to 525 tonnes annually by 1985. At current prices averaging £135,000 a tonne for reprocessing and another £15,000 a tonne for transportation, this indicates a reprocessing market worth about £80m. a year by the mid-1980s.

United Reprocessors, the Anglo-French-German consortium marketing reprocessing services to utilities worldwide, has been pursuing the Spanish market energetically. But when confronted with contracts requiring a downpayment of 40 per cent., to go towards the cost of constructing reprocessing facilities on foreign soil, the Spanish are obviously tempted to attempt the difficult technology of reprocessing themselves. They believe that by the 1990s they could justify a national facility of about 1,000 tonnes—considered a commercially viable size—and meanwhile could store their spent fuel until it was ready. ENUSA and the Junta have set up a joint study of such a facility.

Nevertheless, the Spanish stress their readiness to collaborate internationally in nuclear energy. Probably the most promising technology for collaboration, apart from enrichment, is the fast reactor. The Junta next year plans to start construction of a national research centre at Soria devoted to the fast reactor.

David Fishlock
Science Editor

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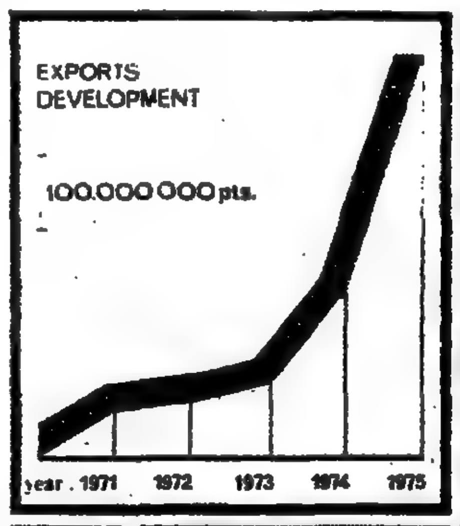

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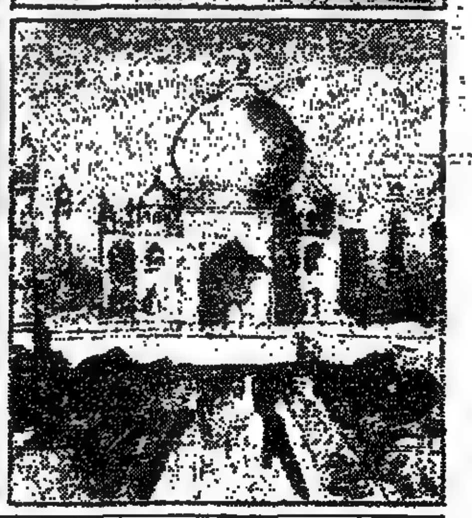

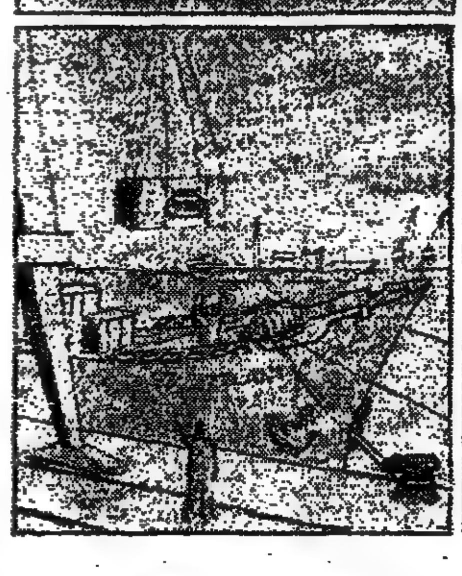

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Trade unions make progress

EARLY LAST month a group of leading Spanish industrialists from some of the country's best-known companies sat down round a table in a five-star Madrid hotel and talked for two days to leaders of the country's illegal trade unions. It was an historic meeting and although the discussions were private enough has been revealed to show that they concentrated on one basic issue—under what conditions could serious negotiations be held that might lead to agreement on a "social pact." As far as the workers' representatives were concerned the answer was relatively simple: when full democratic rights have been established which would include the right to form free trade unions without any official interference.

While many employers might be willing to countenance such a move the attitude of the Government is less clear. During the past seven months the weight of political argument in Spain has tended towards the polemics of political parties, electoral laws and the setting-up of a two-tier parliament. There is a new law on the right to hold meetings and demonstrations but its application to the strictly industrial field has yet to be precisely defined. Originally the Government seemed prepared to let industrial relations reform be tacked on the main body of political reform, once this had been completed. Now, however, a slightly greater sense of urgency has emerged, so that the two issues are supposed to progress in parallel.

It is difficult to see how it could be otherwise, because only in labour relations do the political, industrial, social and economic factors of post-Franco Spain come together so intimately. Equally it is difficult to see how the regime will be able to maintain the degree of control over the workforce that it is obviously attempting to do over the purely political field.

The Minister responsible for the *"sindicatos,"* the vertically organised unions that bring together both employers and employees, has admitted that before long his job may have to disappear, but Senor Martin Villa is not a man who in the past has shown any willingness to contemplate the kind of trade union strength that exists for example in Britain or France.

Under General Franco the *"sindicato"* structure grew so impressively that it has to-day in the region of 25,000 full-time bureaucrats. It impinges on many facets of life and is the channel through which pay and conditions in all Spanish industries are discussed, agreed, or imposed. Until last year all strikes were illegal, although they of course still took place, and amendments to this blanket ban have made little difference.

While the economy was growing so rapidly during the past decade and a-half Spain was noted for the cheapness and docility of its labour force—indeed, that was one of the basic reasons for annual growth rates of around 8 per cent. The more politically or class-motivated struggled against the system, but the efficiency of the political police, and the ruthless manner in which strikes were handled meant that the amount of visible success they could achieve was limited.

Infiltrated

Yet the illegal labour unions grew steadily in the last years of General Franco and the official syndicates found it more difficult to impose the Government's policy as they became heavily infiltrated in the junior shop steward ranks. An indication of the regime's anxiety came at the end of 1973 when ten leading members of one of these illegal trade union groups, the Workers Commissions (CC.OO), were jailed for periods of up to 20 years and a day for holding an authorised meeting and pertaining to the Communist Party. One of those men, Nicolas Sartorius, was present at the historic meeting with employers last month. Yet having claimed that the CC.OO. was a tool of the Communist Party, and there are undoubtedly extremely close relations between the two organisations, it would presumably be too much of a volte face to contemplate legality for them now.

Instead, Senor Martin Villa is proposing that while there should be greater liberty for workers' organisations and that they should be "separated" from the employers, there would still be an co-ordinating body in which the two sides would meet. This bridge, to be called the Economic and Social Council, would also include representatives from the Government. Thus though there would be a positive reform of the syndicate structure it is not clear whether workers would have autonomous control of their own affairs and the right to form into different unions. Perhaps significantly, the Interior Minister, Senor Fraga, last month allowed the General Workers Union (UGT) which is still illegal, to have its first congress in Spain since the end of the Civil War. The UGT has close relations with the main Socialist Party (PSOE) and whether this was more part of Senor Fraga's tactics to drive a wedge between the Socialists and the Communists or a genuine indication of future policy has yet to be revealed.

Subsequently the Workers Commissions announced that they were calling a conference for 2,000 delegates in Madrid at the end of this month, and the Government promptly banned it. Permission was also refused for the Workers Commissions to issue 1m. bonds at Ptas.25 (£0.21) each in order to finance the organisation. Marcelino Camacho, the best known CC.OO leader, has been jailed twice since his release under the partial amnesty granted by the King, and is now free on bail pending charges against him that carry sentences on conviction of between 20 and 30 years. He is meanwhile participating in tripartite talks with leaders of the UGT and the third other prominent union group Union Sindical Obrero (USO) with the aim of reaching a common platform on future trade union organisation.

The differences that have emerged in the talks so far are highly revealing in that the other two groups favour a degree of centralised co-operation but are suspicious of Communist plans for a single unitary body. The National Confederation of Workers (CNT) which is traditionally aligned to Catalan anarchism, declined to join in the conversations because it felt that a "single unified system would inevitably bring us towards a Portuguese type situation." In other words it would be swamped and manipulated solely for the benefit of the Communist Party.

The USO is concerned at the speed with which the Commissions wish to set up this single trade union. The CC.OO is suggesting that elections should be called at shop floor and factory level to choose representatives for a constituent body that would decide on structures, whereas USO first wants a long debate at the grass roots, once the basic union freedoms have been won, a line that is more or less followed by the UGT.

Democratic

Relations with the country's main political parties under a more democratic system will be of key importance, especially as the UGT has been stressing that it is independent from the PSOE even though two of its members sit on the party executive, and USO, which describes itself as Socialist, has no party affiliation. Members of what is described as the "civilised Right" are aware of the danger of the Communists being allowed to "inherit" the present state-run syndicate whose structure is ideally tailored for single-party control. Some claim that it would be better to free the unions totally, if only to ward off this danger, and argue that as industrial employees they have anyway been negotiating for years with members of the illegal unions. For them it would be mere legal recognition of what has become established practice.

On the other hand there are employers whose knowledge of labour relations is confined to sacking strike leaders and punishing the "fellow travellers" with lock-outs or similar sanctions. This was particularly evident during the long and bitter strikes during January, February and March this year which, while they may have sometimes had political ends, were more basically related to the rate of inflation and the general worsening of the economic situation. And if, as some members of the Government have claimed, the strikes were the work of professional agitators funded from Moscow, then it suggests a degree of influence and power that previously no-one suspected, let alone were prepared to admit.

But there will be no escaping the political importance of strikes, especially in the months between now and the scheduled general elections in the spring of next year. Whereas the opposition parties find it difficult to pull out many thousands for a purely political demonstration (with the exception of the Catalans) a far greater response can be achieved if built on the resentment of an economic dispute. The Communists have been discussing the possibility of calling a countrywide general strike in the autumn, the object of which would be to show the regime the power of the PCE.

Meanwhile the Government urgently needs to find new methods of handling strikes that do not involve hugely inflationary settlements, large-scale lockouts or in the last resort bringing workers under military discipline. Senor Fraga has regretted the necessity of employing such tactics earlier in the year and has since withdrawn the militarisation order on most sectors where it was utilised. However, the day may come when such an order is ignored on a large scale which will both further involve the army in something which it finds professionally distasteful and cause further damage to Spain's international image. The fact that six postmen, members of a strike committee, were arrested earlier this year and are still in jail for holding a meeting 30 minutes after they were militarised, is a case in point.

Another inequitable result of the present system of labour relations, by no means peculiar to Spain is that the industrial workers in large factories are tending to forge even further ahead of the rest of the working population in earning power. Nearly 25 per cent. of the active labour force is still working in agriculture, where wages have lagged sadly behind the industrial sector, something which will cause further regional imbalance and make the task of making Spain self-sufficient in *foodstuffs* an even less realisable aim.

R.M.

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INTERNATIONAL DEPARTMENT
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Fall in tourists hits a key sector

AFTER so many years of relentless growth the Spanish tourist industry is finally having to face the possibility that demand has at best stabilised and may even continue contracting for a time longer. As tourism is one of the least planned elements in the "economic miracle" this will necessitate a profound rethinking of its role within the national economy and perhaps changes in policy designed to capitalise on those areas of the industry which appear to offer the best prospects in terms of earnings. The numbers game having been played so vigorously, this will obviously not be an easy process and the temptation must be to continue hoping for powerful economic growth in Europe and the U.S. that will again lift demand to previous levels and render unnecessary anything more than cosmetic adjustments.

On present evidence 1973 looks as if it will be seen as the year in which Spanish tourism reached its peak. There were 34.56m. visitors to the country that year, or one for every inhabitant. Earnings at $3.1bn. were also a record and in real terms may not be surpassed for some while.

Decline

In 1974, as the recession gathered pace throughout the Western world, only 30.34m. tourists came to Spain and this total fell away marginally last year to 30.12m. Although tourist income was $3.2bn. and $3.4bn. respectively for those years, the figures still represented a real fall on the 1973 figure and the prospects are for a further decline this year. Senor Juan Miguel Villar Mir, the Finance Minister, said during a recent trip to the U.S. that he estimated Spain would earn $3.9bn. from tourism during 1976, but it has to be added that inflation is currently running at an annual rate of over 20 per cent.

Spanish tourism statistics are complicated by the practice of counting everyone who passes through the frontier as a tourist. Thus the Portuguese can account for a significant percentage of "tourists," even though the vast majority are emigrant workers driving through Spain on their way from France and W. Germany. Up to about a third of last year's total number of tourists can be better described to have been "in transit" and as such adding little to the country's earnings.

During the first five months of this year the number of arrivals has, at just over 7.5m., shown a 2.5 per cent. increase over the comparable period of 1975, although there was a 5.5 per cent. drop in May. The January-to-March earnings figures show a total income of $580.5m., an actual fall of 1.6 per cent. over the first quarter of 1975 and of course a very much larger real fall.

Together with a none too encouraging outlook for bookings during the rest of the year this has provoked deep concern within the industry. Many hotel owners are anticipating a net loss on the year's trading and it is widely expected that there will be a number of important closures, among them some in the five-star category. The situation is particularly worrying in Madrid, where one five-star hotel has already closed this year and others are known to be in serious difficulties.

July 18 will be watched with special attention as one of the year's special bonus payments to staff is due to be made on that day. Apart from the increase in the inflation rate during the past few months, employers have also been hit by new labour legislation which has had a marked effect on costs.

There is mounting speculation that several hotels will be unable to meet next month's bonus payment, while other establishments that were due to open for the first time in the coming months have put back their inaugural ceremonies. Whether the Government's recent decision to allow price increases of up to 20 per cent. for hotels of up to three stars and lift controls from those in higher categories will have a salutary effect on balance sheets remains to be seen, but some hoteliers have already let it be known that they will not be altering their charges for this year.

Variations

Holidays already booked are not subject to the increase, but for those tourists who have delayed until the last minute it will be ever more advisable to try and shop around as there will probably be some significant variations. The Government's decision may also strain relations with certain tour operators, although they too can benefit from what is certain to be an excess of the supply of hotel rooms outside the peak months of July and August.

The causes for the decline in bookings are subject to endless speculation, but it seems clear that the economic recession and the adverse publicity that Spain has received in some countries are principally to blame. Spain might still seem reasonably cheap compared with other tourist centres, yet this is only relevant to those who can afford any sort of foreign holiday this year. In addition, Spain is more expensive than it was a year ago, as evidenced by the consumer price index, and despite the devaluation of the peseta against the dollar and most other currencies in February, the pound dropped back to below the pre-devaluation rate within a relatively few weeks.

The political factor is more difficult to judge, but certainly some Scandinavians and Dutch, for example, decided against Spain this year because of the executions of alleged urban guerillas in the autumn of 1975. The limited number of disturbances there have been since the death of General Franco, such as the police killing of five workers in Vitoria, have been almost entirely confined to industrial areas away from the main tourist centres, and it would be a very unfortunate visitor who found himself caught up in a violent clash—except perhaps in Madrid and Barcelona.

However, whereas the Spanish Government still has to prove its democratic intentions, the Greeks have apparently no such problems and the departure of the colonels is being celebrated with a huge inflow of tourists, some of whom must have been seduced away from Spain. Portugal, too, looks to be recovering from the disastrous two years following on from the April 25 coup and although it cannot compete with Spain in terms of numbers, it can drain away part of the important middle and up-market tourism.

Aware of this danger, the Government is believed to be actively studying relaxation of the laws governing gambling establishments. The opening of several casinos could prove a useful impetus, especially in such areas as the Costa del Sol, and it might also keep at home those wealthy Spaniards who regularly go across into France to lose their money.

As there still remains little difficulty in filling hotels during July and August it is this part of the market that Spain will have to attack again if tourism is at least to maintain the vital role it plays in the country's balance of payments.

Spain is also much more than just beaches, possessing some of the most beautiful and varied inland scenery to be found anywhere in Europe, much of it within easy reach of the major centres. How many people know that an hour's drive from Madrid there are mountain rivers where trout can be taken by the public for the tiny cost of a permit, and where you can book a room in a beautifully situated State-run hotel, for around £5 a night? And not a fish and chip bar within a hundred miles.

R.M.

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Richard Ellis

هكذا من الأجل

BY JOE ROGALY

Principles, panic and child benefit

THE GOVERNMENT should restore the Child Benefit scheme. The decision to postpone (abandon?) it was wrong, and the Cabinet deserves everything that has been thrown at it as a result of that mistaken and pusillanimous decision: leaks, quasi-revolts, parliamentary embarrassments, and all. The correct and honourable course now would be for the Administration to confess its error and restore the scheme. Unfortunately Downing Street's determination not to do so seems to have been made into a test of the new Prime Minister's determination—and that by Mr. Callaghan himself.

Before explaining why Child Benefits should be restored it is necessary to clear away some of the debris that has settled on the debate over the past few weeks. The celebrated disclosure in *New Society* should lead me to congratulate its editor and Mr. Frank Field for an excellent piece of reporting, and to set aside for further discussion at a later date the vexed question of how we can get our political and civil service masters to come clean about what they are up to. Beyond that, "leaks" are a side issue.

It is also of less than world-shattering significance that the Chancellor of the Exchequer should have been reported as saying one thing to trade union leaders and another to his Cabinet colleagues. "Tell me another one" is the proper response to that. Again, it is no great surprise that the Government's handling of the whole affair should have been shown to be, shall we say, not wholly competent. These things are everyday stuff: what matters are the principles at stake.

The first principle is nothing to do with whether money is taken from the wage envelopes of fathers and credited to the post office withdrawal slips of mothers. As Keynes said in How to Pay for the War, published in 1940: "The system of children's allowances under the existing income tax appears highly anomalous when it is examined in detail." He pointed out that for non-tax payers there was no general children's allowance, while for those who paid tax the allowance rose with income. "In lieu of the whole of the present system of children's allowances," Keynes added, "I propose a flat payment of 5s per week per child of £13 per annum, both for income-tax payers and for the insured population."

Poverty trap

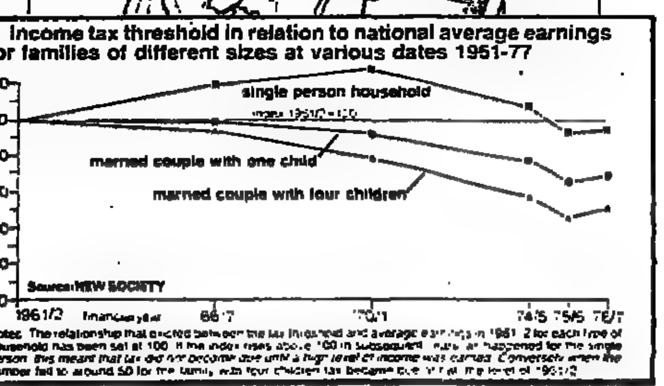
This principle holds good, even though 36 years have passed without anything much being done about it. The effect of the Child Benefit scheme, as put in the Government's own bill last year, and cheered on by the Conservatives at the time, would be to phase out child tax allowances and abolish family allowances, replacing both with the new, tax-free, child benefit.

Such a change would help to lift many families out of the notorious "poverty trap," since the new benefit would remain constant at every level of earnings. It would not be lost by the worst-off among us as they moved from an income just below subsistence level to one just above it. It would constitute a far more equitable mechanism for family support than anything that now exists. Yet there would be a drawback, and it is one that cannot be shirked by those of us who support the new benefit.

Higher-rate tax-payers derive greater relief from the present child tax allowances than anyone else: therefore they have more to lose. There is no simple, purely egalitarian, way out of this—for as the Tories argued both during the debate on the Bill and yesterday there is no obvious case for saying that support for poor families must be paid for *solely* by better-off families. The money should come from everyone, including childless tax-payers, according to the Tory Front Bench spokesman, Mr. Patrick Jenkin.

It will be seen at once that such an assertion is not quite in tune with the proposal put forward by Keynes. The way out, in my view, is the normal British compromise in such matters: compensate higher-rate taxpayers (by adjusting the rate, or by deeming the child allowance to continue in part) in full the first year, and by diminishing amounts in subsequent years until the anomaly is ironed out. This is the method that will one day be applied to higher-rate tax relief on mortgages, and it is the only one our polity could accept.

But wait, it will be said, is this is not likely to be expensive *at a time when public spending cuts* are desperately needed? The answer is that none of the principles enunciated in this article need cost any more than the £95m. that will be spent on the Government's compromise scheme and as regular readers would agree, I believe we need cuts of between 20 and 30 times as much elsewhere in the Budget. Keynes understood the principle here: "At first sight" (he said of family allowances) "it is paradoxical to propose in time of war an expensive social reform which we have not thought *ourselves* able to afford in time of peace. But in truth the need for this *reform* is so much greater in such times that it may provide the most appropriate occasion for it."



We are now in the midst of an economic struggle which more than one Minister has compared with the wartime crisis; Mr. Jack Jones seems to feel the same way. Those of us who assert, with feeling, that public spending cuts are vital need not make the bureaucrat's mistake of assuming that, therefore, no re-arrangement of priorities within the total available can ever be contemplated. And it is just that which I am arguing for. Child Benefits could cost anything from something below the £95m. already in the Budget, through the £200m. or so that Mrs. Barbara Castle would like to have spent, to the £1bn. and more that the wildest woolly heads in parts of the Labour Party have demanded, although they probably did not have the arithmetic to know it. There is no need in principle to spend more than the £95m. next year, although the Treasury is probably right when it suspects that once the benefit is established the pressure to increase it will be severe.

This need not be a deterrent. To the extent that child tax allowances are phased out, future Chancellors will have much less opportunity to pretend that by increasing them at less than the rate of inflation they are "giving away" money. The argument about child benefits would at least be out in the open: that would be pure gain.

I have set out these taxation principles first because they have been obscured by the argument over who gets the money—the father or the mother. One would have thought that this argument had been settled in the great debate over the Conservatives' tax credit scheme: *clearly it must be the mother*, or in one-parent families, the person who looks after the children. The reason is that we are in the midst of a social revolution, which can only be given expression in law when there is a transfer of some income from father to mother; 20 years from now it may be that equal pay for women will have made such a transfer unnecessary, but even then single-parent families will still need the income support.

It is preposterous that such a reform should be abandoned, or even postponed, because of the passing fears of a few Ministers and trade union leaders during one particular year of one version of an incomes policy. The change, it must be remembered, would *not in any event have come into* effect until April, 1977 — halfway through the 4½ per cent. wage restraint year. The Government's £85m. compromise gives £2.50 to every family (except those on tax rates above about 50 per cent. who would probably lose if they claimed): the money is split roughly £1.50 to fathers and £1 to mothers.

The same amount could be spent on giving the whole £2.50 to mothers, or there could have been a lower general rate with supplements for large families. The Government funked such solutions because it feared that male wage-earners would resent the transfer—even though both the Labour Party and the TUC, not to mention the opposition parties, have all endorsed the principle a hundred times over.

Income tax

The Administration plainly felt confident about these principles until a very late date: my illustration shows the front page of the leaflet that—appearances suggest—was set by the printers and ready for distribution in September. "You will be entitled to child benefit whatever your income: it is not a meanstested benefit," says the leaflet.

It assures recipients that if they already draw Family Allowances they will automatically draw the new benefit from April 1977 without the need to make a claim and states frankly that "if you or your husband are getting an income-tax allowance for a child under 11 it will end at the same time, and any tax allowance for a child aged 11 or over will be reduced." (Mr. Patrick Jenkin deserves the credit for producing this leaflet in the Commons last night.)

More than one supporter of this *reform* has asserted that it would amount to the most important step forward in our social security system since the Beveridge report. This is possibly *an exaggeration if the* Child Benefit scheme is taken by itself, but it is an underestimate if the possible consequences of making a start with it are set out.

For if the scheme was applied with the flexibility that will make possible it could be a test case for a broader system of tax credits. It could point to a new way forward from the expensive and unsatisfactory tangle that we call the welfare State. The original Conservative tax credit scheme suffered from the defect that it would have replaced to-day's tangle with another if it was to be properly and fairly administered: we may only learn how to solve the conundrum by experience. It would put one part of the negative income-tax idea into practice, thus creating a laboratory for testing something that all Western social democracies need to see invented.

In several Commons debates it has been noted that the scheme would not replace the *four dozen or so means tests* now in use. This is true, but no social security system of the future can be financed if it does not find a way of channelling help to the needy—without the "stigma" and political barriers of formal means tests. Again, the Child Benefit scheme could show a way. This is a reform of a rare type in our tangled politics, for all parties agree that it would be beneficial, and all accept its basic principles. How sad it is that the Government should have been so unnecessarily panicked by it.

Letters to the Editor

Trustees and trade unions

From the Joint Deputy Chairman, Beaverbrook Production and Clerical Pension Fund

Sir,—I have been surprised by some of the adverse comments on the Government's plans for ensuring the proper representation of trade unionists on the trustees of company pension funds. In my place of work in Fleet Street 50-50 representation of trade unionists and management on the trustees of our pension scheme goes back before 19[illegible].

Indeed the re-structuring of our scheme on a contributory and final salary basis in 1972 was hammered out over a two-year period by a joint negotiating committee on which each side was also equally represented. In a few years the assets of our fund have been built up to over £7m. and I am not aware of any criticism of our participation in investment decisions, indeed the merchant bank which advises the trustees welcomes this direct contact with trade unionists.

We have always been given all information on all trustee matters including investment, accounts and administration so that reports could be taken back to our colleagues in the various trade union chapels who take a keen interest in proper pension provision being secured for their retirement.

At a time when it is fashionable to sneer at the relationship between the trade unions and management in Fleet Street your readers might be interested to hear of one area where progress has been pioneered.

J. Hartley (NATSOPA).
Daily Express,
Fleet Street, E.C.4.

Representation of the people

From Mr. T. Layborn

Sir,—I submit that the suggestion contained in the Government's latest White Paper on occupational pension schemes that independent trade unions should have a legal right of a 50 per cent. say in the running of any occupational pension scheme, should be violently resisted by all employers. It is a further sign of the complete control of the country that is being obtained by the unions that no mention is made of representation by the very large body of non-union members who are members of occupational pension schemes. Apparently, they are to have no say whatever in the running of the scheme.

If the Government refuses to give way on the point, which appears to be likely, then I suggest that 100 per cent. of employers should say: if you want 50 per cent. representation then your members bear 50 per cent. of the cost. The man who pays the piper is entitled to have something to say with the tune he plays.

It is becoming more and more essential that a General Election takes place. The people may then clearly indicate whether or not they are in accord with the actions of this Government and with the country being run not by the Government of the day and the House of Commons but by the trade unions. I venture to suggest that Rotherham has already given some indication as to what the people think and it may be that the Rotherham result is a clear writing on the wall so far as the Labour Party is concerned.

T. A. E. Layborn.
5, Heath Rise, Putney, S.W.15.

Local authority spending

From Mr. G. Palmer.

Sir,—May I submit that Mr. Mills (June 22) is guilty of an all too common fallacy. Of course local authority spending is the result of legislation: it could not be otherwise as local authorities are wholly creatures of statute and can do nothing without legislative authority.

What is wrong in my opinion is that local government is far too ready to jump on the legislative band wagon and does not address its mind sufficiently as to whether any particular statutory power is mandatory or discretionary. The membership of local authorities need to be far more searching in their consideration of issues placed before them. They should ask themselves on all occasions: "Is the statutory power which authorises this matter mandatory or discretionary?" I submit that they should then put the supplementary question to themselves "If we do not exercise this statutory power be it mandatory or discretionary what sanctions can be applied by whom and/or what, apart from the question of winning or losing votes are the immediate consequences likely to be?"

G. E. Palmer.
16 Eastlands Crescent,
Dulwich, S.E.21.

Direct labour

From The Honorary Secretary, Association of Consultant Architects.

Sir,—Malcolm Hoppe reminded us of the Layfield Committee evidence on failure of cost control in local authority direct labour organisations (June 25).

The failure is not only in cost control but as often in design and quality control, none the less important for being difficult to quantify. The Association of Consultant Architects is deeply concerned about both and is currently investigating the extent to which the contractural and administrative conditions contribute to these failures. It seems that often procedures developed for use successfully in the private sector have been imported without thought into direct labour situations where they are not appropriate.

Perhaps those who want the benefits of skills of the private sector should use it for reasons of both cost and quality.

Sam Scorer.
C/o Reform Club,
Pall Mall, S.W.1.

Fees for students

From The Chairman, Conference of University Management Schools.

Sir,—Michael Dixon's suggestions (June 23) regarding fees for U.K. postgraduate students could have a marked effect on management education. On present figures, some 40 per cent. of the U.K. students entering master of *business* administration (MBA) or similar programmes (whose average age is around 25) at the 24 schools offering such programmes do not receive public support for either fees or maintenance. To raise fees for such U.K. students markedly as suggested by Mr. Dixon and others could make it prohibitive for many of these students to come on such courses.

Companies would find the cost of sponsorship a prohibitive risk, while students who try to borrow the money through loan schemes from private banks would find the repayments of capital and interest, which are non tax deductible, a crippling burden for either a one-year or two year programme. The consequence would be that the only U.K. students who went on such programmes would be those sponsored by the Government. *Even this tranche could be in* danger, unless the various research councils, etc. had their grants substantially increased to cover the extra fee burden of the 480 grants currently available.

It is true that in a number of the top American business schools, fee levels such as those proposed are common. There are, however, at least three major differences. First, the loan schemes are at a considerably lower rate of interest than in this country (where no state run loan scheme at low interest exists); secondly, interest and capital repayments are in whole or in part a tax deductible expense and, thirdly, the post-graduation salary level relative to the costs of the programme is approximately double that in the U.K. Consequently, the relative burden of putting oneself through an MBA programme is very much less onerous.

At a time when so much is written about the need to improve British management and to encourage more people to qualify themselves to undertake the tasks involved, it would seem incredible that steps could be taken that might have the effect *of lowering the numbers of* those who are willing to seek to obtain these qualifications.

Professor P. G. Moore.
London Business School,
Sussex Place,
Regent's Park, N.W.1.

Sandwich courses

From the Head of Business Studies Department, Manchester Polytechnic.

Sir,—I would like to correct the unbalanced picture of sandwich courses conveyed in an article by Michael Dixon (June 19) entitled "the suspect sandwich" about the report of a research programme published by the National Foundation for Educational Research.

There is no question that all academics are turning against sandwich courses while our industrial partners have demonstrated their continued support by providing training places for all students even in these difficult times. Perhaps the degree of industrial support reflects the high proportion (around 50 per cent.) of these placements that lead to longer-term relationships. Providing "training places" need not be a "costly and distracting exercise": it can be a very cheap and convenient method of recruitment.

Polytechnic business studies sandwich courses were not devised in order to achieve integration between academic and industrial activities but to encourage graduates to go into industry (and industry to want the graduates). There is ample evidence that this is being achieved. A report by Political and Economic Planning (Sandwich Courses in Higher Education, by W. W. Daniel and Harriet Pugh) emphasised that 89 per cent. of Polytechnic business studies graduates take jobs immediately (compared with approximately 50 per cent. of all graduates), their average starting salary being much higher than that of University business studies graduates (mostly full-time courses). Our own experience bears this out. Even in this difficult year only one student may graduate without a job, and this is a special case. Further, several local and national concerns have approached us to recruit these graduates and have found none available. We ascribe credit for this to the sandwich system, with two training periods of six and nine months' duration, careful placement, good relations with firms and contact with students during the training periods; it is certainly a formula which students endorse enthusiastically.

That the level of integration between academic and industrial experience is not as high as some have hoped is a minor disappointment overwhelmingly offset by the stream of young potential managers who have matured both intellectually and personally as a result of industrial training experience.

M. H. J. Webb.
Manchester Polytechnic.
Aytoun Street, Manchester.

Deferred tax accounting

From Mr. M. Speer.

Sir,—I would like to pick on just one sentence in Mr. Beecroft's letter of June 23. He argues that deferred tax should be accounted for as a real future liability and states that "if you stop following this policy . . . (buying plant, investing in stock etc.) . . . by selling everything and closing your business down the tax all has to be paid."

This statement is perfectly correct. One of the fundamental accounting concepts upon which U.K. accounting is based however, is the "going concern" concept which states that "the profit and loss account and balance sheet assume no intention or necessity to liquidate or curtail *significantly* the entity's *scale of operation*" (Statement of Standard Accountancy Practice 2).

It seems therefore that the argument for inclusion of deferred tax—other than that on short-term timing differences—only becomes valid when the "going concern" concept is threatened by financial or other operational difficulties.

Michael P. Speer.
Klynveld, Turquands,
VDTG & Co.
Galilée Building, 4th Floor,
Avenue Galilée 5 B-1030 Brussels.

Electronic Extel card

From The Managing Director, Extel Statistical Services.

Sir,—The expression "*The Electronic Extel Card*" in your survey of June 25 has been overtaken by events since Extel itself will be providing a much more detailed computer service on companies at the end of the year. The service is called "*EXSTAT.*" The data will be input, by the present editors of Extel cards, into the computers of Extel Computing. It will cover initially some 1,200 British, 400 European and 200 Australian quoted companies, plus a selection of unquoted.

G. P. Bartholomew.
37-45, Paul Street, E.C.2.

Clash of dates

From Mr. M. Batley

Sir,—While it is clearly impossible for companies holding their AGMs in London to avoid the clashing of dates, I would have thought that some simple checking (for example on already announced dates) would make it possible in the provinces.

As an advocate of shareholder participation I deplore the fact that here in the North, Parkland Textiles, the John Crowther Group, Thomas Locker Holdings, and Feb International are all holding their AGMs on July 15. I shall probably confer my honour on Mr. Fisher of Feb because of his undoubted charisma, but the magnetism of Mr. Hyman is also very strong.

M. Batley.
5, Charlestown Road West
Davenport, Stockport, Cheshire.

Road Fund licence

From Mr D. Sabel

Sir,—The widely rumoured scrapping of the Road Fund Licence has provoked criticism based solely on cost effectiveness—tempered with self interest. It should be borne in mind that a Road Fund Licence serves other important purposes besides indicating payment of the appropriate duty.

With the exception of the criminal element, who seem quite satisfied with their own disc bearing the legend "tax in post" or some similar message, a valid tax disc indicates basic insurance cover and MOT certification if *applicable. With the elimination of the tax disc,* law enforcement with regard to the Road Traffic Acts will become more difficult and time consuming. A possible solution would be to arrange for insurance certificates and those for the MOT test to have detachable portions that could be placed on the windscreen.

Another alternative is the system of annually renewable registration plates. This of course would be costly to set up, and would outweigh any savings made by eliminating the present system. There does not really seem to be a very good case for a change at all, other than on the grounds of cutting government expenditure. The projected amount to be saved does not seem worth the probable disrup*tion that will ensue.*

D. A. Sabel.
142 Eaton Manor, The Drive,
Hove, Sussex.

The Terrapin case

From Mr. B. Bransbury.

Sir,—The decision of the Luxembourg Court on Terrapin Overseas (June 23) is indeed a mixed blessing. It was quite *right to heed the British Government's* remarkably "ethical" plea, against the interest of the U.K. litigant, that national courts are entitled to exclude imported articles from other EEC member States if marked with a confusingly similar mark. It was right, too, to draw the distinction between a genuine fear of confusion and a smokescreen to drive a foreign competitor from the market.

Where I think it was wrong was to leave it to the national court to decide on which side of the line this case fell, in view of the unhappy history of German trademark litigation in international cases and particularly the evidence in this case that there are over 100 "Terra—" trademarks in German which have had no trouble from the owner of the Terranova mark, and, indeed, at least one other German concern unblushingly using the identical word, Terranova, with impunity. I would suggest that the Luxembourg Court should have decided the point itself, seeing that it has already in references under Article 177 (see Roubaix-Watterus) taken points proprio motu, not referred by the national court.

Incidentally, perhaps the real trouble in this case is that, whereas in England "every schoolboy knows" that a "terrapin" is an American water tortoise, so that the mark Terrapin here would never be confused with the Terranova, the benighted Schüler knows no such beast, merely "Schildkröte."

Brian Bransbury.
Cordwainers, Long Crendon,
Aylesbury.

GENERAL

House of Commons votes on Opposition motion to refer Aircraft and Shipbuilding Industries Bill to Select Committee as hybrid measure.

EEC Foreign Ministers begin two-day meeting, Luxembourg.

European Communist Parties' two-day conference opens, East Berlin.

Election of Sheriffs, Guildhall, E.C.2, 11.30 a.m.

Second day of Financial Times three-day conference, Asian Business Briefing, Bangkok.

PARLIAMENTARY BUSINESS

House of Commons: Opposition motion on Aircraft and Shipbuilding Industries Bill.

To-day's Events

Commons Select Committee. **Direct Elections to European Assembly.** Witness: Sir Phillip Allen. **Violence in the Family.** Witnesses: British Association of Social Workers: Association of Directors of Social Services.

House of Lords: Agriculture (Miscellaneous Provisions) Bill, report stage, Local Government (Miscellaneous Provisions) Bill, committee. New Towns (Amendment) Bill, second reading.

OFFICIAL STATISTICS

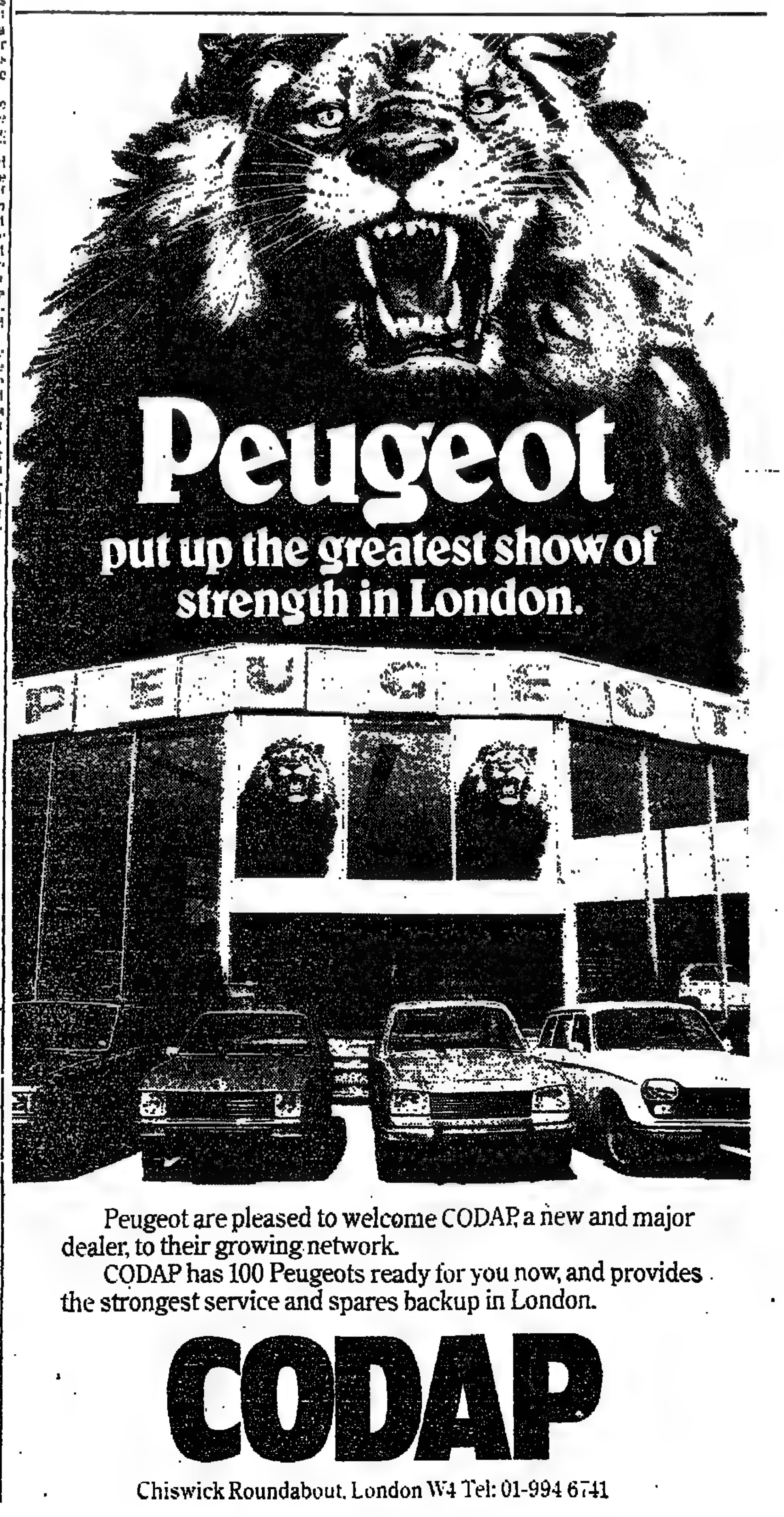
Housing starts, completions and grants (May—provisional).

COMPANY RESULTS

British Cotton and Wool Dyers' Association (full year). Brown Boveri Kent (full year). Kenning Motor Group (half-year). Standard Chartered Bank (full year).

COMPANY MEETINGS

Aberdeen Investment, Aberdeen, 12. Allied Leather, Grosvenor Victoria Hotel, S.W., 12. Bainbridge Engineering, Bury, Lancs., 11.30. Bilton (Percy), Bilton House, Ealing, W., 12. Downs Surgical, Connaught Rooms, W.C., 2.30. International Combustion, Hotel Russell, W.C., 12. Lake View Investment Trust, Winchester House, E.C., 11.30. Lesney Products, Hyde Park Hotel, S.W., 12. Sears Holdings, Selfridge Hotel, W., 12.



COMPANY NEWS + COMMENT

Allied Retailers beats its forecast

AGAINST A forecast of around £3m. for the year to April 3, 1976, Allied Retailers has achieved record pre-tax profits of £3.3m. against £1.86m. last time on turnover up from £25.21m. to £43.38m.

Reporting interim profits of £1.46m. against £0.52m. in January, the company said that the full year total was expected to be in he region of £3m.

The dividend is lifted to the maximum permitted of 4.82625p net (4.4174p), with a final of 3.22625p. Earnings per 10p share are shown to have increased from 10.98p to 19.32p.

The directors say that turnover and profits for the first three months of the current year are slightly better than those for the previous corresponding period.

Last year's profits are after transferring £609,154 to unrealised gross profit reserve (£123,142 from reserve).

Attributable profits are £1.52m. (£0.9m.) after extraordinary credits £12,699 (£40,170).

The company retails carpets and furniture.

	1975-76 £000	1974-75 £000
Turnover (excl. of VAT)	43,380	25,212
Profit before tax	**3,302**	**1,860**
Tax	1,792	1,002
Profit after tax	1,510	858
Extraordinary items	13	40
Dividends	378	291
Retained profit	1,154	608

● **comment**

Allied Retailers has beaten its £3m. profits forecast as well as market expectations of up to £3.2m. The second-half performance, though—with profits up 37 per cent. on a turnover increase of 66 per cent.—reflects pressure on margins: the 7.6 per cent. margin is at the ceiling of the net reference level. So the near-trebling of first-half profits, when margins rose from 4.8 per cent., belongs to the past. In future, growth must come from higher volume sales, and here Allied is relying on increasing its 6-7 per cent. share of the U.K. retail carpet market. Heavy advertising and low prices has proved a successful formula, even at a time when the trade figures are turning downwards, reflecting squeezed incomes and depressed housing starts. The cautious market view is reflected in the p/e of 4.8 and yield of 8 per cent on the shares at 96p (up 3p yesterday).

INDEX TO COMPANY HIGHLIGHTS

May & Hassell growth

ON A turnover of £33.43m., against £32.74m., group pre-tax profit of May and Hassell increased from £1.77m. to £1.93m. in the year to March 31, 1976, after absorbing the share of losses sustained by the associate, Hallam Group of Nottingham, £740,124.

When reporting first half profit of £1.27m. (£1.24m.) which included £466,000 surplus on disposal of motor vessels, the directors stated that results for the second half should be more than equal to those of the first half.

Reflecting a sharply increased tax charge earnings per 25p share decreased from 16.8p to 15.5p The dividend is lifted from 2.288p to 2.49382p net with a final of 1.72982p.

The chairman, Mr. J. H. B. Alley, reports that, the first quarter of the current year shows both turnover and profits very well ahead of last year He forecasts that the 1977 accounts will prove to be "extremely satisfactory, despite Hallam showing no improvement during 1976."

It is intended to maintain a very liquid position to take advantage of an expected weakening in demand for timber and a subsequent reduction in prices in the autumn.

	1975-76 £	1974-75 £
Group turnover	33,427,974	32,741,734
Pre-tax profit	**1,932,229**	**1,765,950**
Net profit	1,049,898	1,211,361
Tax charged	881,29n	554,589
Attributable	1,081,290	1,157,714
Preference	6,300	6,300
Ordinary	173,336	161,047

Reserves have been restated as a result of a prior year adjustment of £612,365 in respect of deferred tax on the excess of capital allowance over depreciation on all fixed assets, other than ships, not previously provided.

The Klondyke Shipping Company, sold two vessels during the year. The surplus on these contributed £466,283 to the profit. A further new building came into service with the group's fleet.

● **comment**

Stripping out all exceptional items, and the £740,000 losses from the Hallam associate (this made a small loss in the previous year), leaves May and Hassell's 1975-76 profits 27 per cent. higher before tax, despite an abrupt slump in shipping profits. The timber operation then, appears to have started moving ahead and the group is aiming for a further big increase here in the current year. Hallam is also apparently on the mend, as is the shipping operation in which the group intends to invest more money in 1976-77. Gearing still looks on the high side with borrowings equal to around 93 per cent of net worth but that should come down in the current year as the recovery continues and the group sells off more of its out-of-date ships (all five remaining vessels are valued at only £2m. in the balance sheet at present). In the meantime the shares at 67p are yielding 5.8 per cent., covered 6½ times, on a p/e of 4.2.

Greenfield Milletts expansion

REPORTING a 28 per cent. advance in pre-tax profit from £165,000 to £212,000 for the first six months to April 30, 1976, Greenfield Milletts forecasts that full year profits "will comfortably exceed" 1974-75's total of £553,171.

Meanwhile, an interim dividend of 0.357p (0.323p) per 10p share is being paid. Last year's total was 0.9975p. Stated earnings per share rose from 0.83p to 1.09p.

The company says turnover to date has remained on a strong upward trend, particularly in the West End branches where its competitive prices, coupled with favourable exchange rates, have made its merchandise very attractive to overseas visitors.

The company's own brands of "Huggers" and "Greenfield Leisure" merchandise continue to retain their popular appeal and an excellent camping season is in prospect.

Turnover in the wholesale division has increased well beyond expectation, providing evidence of a cautious but growing optimism in the distributive sector.

Further expansion in the retailing side of Milletts' business is now envisaged. Potential new units are being actively negotiated and it is planned to increase the number of branches in London, the Home Counties and the Midlands from 41 to 50 by the end of the current year.

	Half-year £000		Year £000
Turnover	3,174	2,521	5,776
Pre-tax profit	**212**	**165**	**553**
U.K. taxation	110	87	30-
After tax profit	102	78	245

● **comment**

Greenfield Milletts has turned in a first-half pre-tax rise of 28 per cent. on a sales increase of 24 per cent., which was enough to take the shares 1p higher to 21p. However, this is a recovery situation and the group is still 23 per cent. short of the £277,000 pre-tax recorded in the first half of 1973-74. Also the latest figures include a first-time profit contribution from the "Corner House" site. Still, prospects for the summer months look reasonably encouraging: demand for camping goods is expected to gain momentum. But overall the group will be comparing with a buoyant period last year which more than compensated for the first-half setback. So full-year pre-tax profits could be ahead by a fifth for prospective earnings of 3.4p, indicating a p/e of 6 and a prospective yield of 8.2 per cent.

Strong advance by Ultra

THE RADIO equipment and business machines group, Ultra Electronic Holdings, reports pre-tax profit up from £554,903 to £903,320 in the 52 weeks to April 2, 1976.

Turnover expanded from £8.96m. to £11.34m. Stated earnings per share rose from 8.2p to 12.7p and the gross dividend is stepped up from 1.375p to 2.5p a share, subject to Treasury approval.

At the interim stage, pre-tax profit was up from £168,891 to £320,098. Chairman Lord Orr-Ewing said that year-end profit should exceed the previous year's and should justify an increased dividend.

Now, the chairman warns that as Ultra has recovered, he does not anticipate continued expansion of profits at the current rate. However, the group is continuing to broaden its base by extending its product range and is interested in companies suitable for acquisition.

The research and development programme, comprising £1.6m. for sponsored work and £208,000 on its own development work, is expected to have a significant effect on the group's future capabilities and potential.

The group order book now exceeds £17m. a rise of £4m. compared with a year ago.

Lord Orr-Ewing says that although sales, in real terms, have remained virtually static over the past few years, Ultra's profit margins and return on capital are now as good as, if not better than, most of its competitors.

Reviewing the past year, the chairman states that adverse market conditions and the cost of reorganising its Common Market operations reduced profits of the components company from £343,000 to £272,000. But the two other subsidiaries had a good year.

The electronic equipment company lifted profits from £387,000 to £633,000 while the business machines subsidiary achieved a turnround of £164,000 to finish with profits of £56,000.

Net tangible assets at the year end were 81p per 25p share compared with 70p.

	1976 £	1975 £
Sales	11,342,751	8,967,452
Trading profit	951,208	627,291
Pre-tax profit	**903,320**	**554,903**
Tax	494,320	227,500
Net profit	409,000	401,903

● **comment**

Without £100,000 worth of start-up costs incurred by new operations on the Continent, Ultra Electronic's pre-tax profits would have been some 80.7 per cent. higher on a turnover increase of 26½ per cent. However, a significant proportion of this increase came from the recovery from losses to profits in the business machines company and current indications, including only slow growth in volume sales, point to a profits level for the group this year of probably not much above the £1m mark. Some of the technological developments being newly marketed in office systems have been disappointingly slow to catch on, although control instruments designed for gas turbines are increasing sales while 60 per cent. of turnover remains in defence work. With a yield of 4.6 per cent. and a p/e of 4.6, the shares at 56p demonstrate market caution. The cover is 7.2 times.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied Colloids	1.38	—	1.25*	1.38	1.25*
Allied Retailers	3.23	Aug. 27	3.42	4.83	4.42
Ang. Am. Asphalt	5.63†	Aug. 30	1.21	6.5	1.99
Ashdown Inv. ......int.	1	Aug. 3	0.95	—	3.05
Bishop's Stores	1.11	—	1.09	2.11	1.29(b)
Cronite Group ......int.	0.73	—	0.73	—	2.42
Dorman Smith	5.75	—	—	6.6	4.34*
Dorrington Investment	1.59(c)	Aug. 20	nil	1.59	nil
Dwek Group	nil	—	nil	nil	0.34
J. B. Eastwood	2.29	Oct. 16	2.08	3.44	3.13
Greenfield Milletts ......int.	0.36	Aug. 6	0.33	—	1.0
May and Hassell	1.73	—	1.50	2.49	2.29
Robert Moss	1.12	Aug. 18	1.05	2.22	2.03
Norwest Holst	2.53	—	—	2.53	0.88
SGB Group	2.2	Oct. 7	2.0	—	4.28
Stanhope General	1.64	July 30	1.49	2.40	2.29
Ultra Electronic	2.5(a)	—	1.38	2.5	1.38
Vaux Breweries	10.13	—	9.5	14.03	12.85

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Gross—subject to Treasury approval. (b) For 35 weeks. (c) For 9 months.

Near £4.5m from Vaux Breweries

TURNOVER excluding VAT of Vaux Breweries increased from £44.43m. to £56.55m. in the year to April 30, 1976, and pre-tax profit advanced from £3.89m. to £4.42m., after £2.10m., against £1.83m., for the first half.

Earnings per £1 share for the year increased from 26.8p to 30.2p, and the dividend is lifted from 12.8328p to 14.028p net with a final of 10.128p.

Sales of beer by the group as a whole were up in volume more than the national average, despite a small decrease in Scotland, says the chairman, Mr. D. Nicholson.

Swallow Hotels had better room occupancy and sold more meals, but wines and spirits sales were static due to the increase in tax.

The planned and substantial programme of investment in new plant and modernisation continues.

	1975-76 £000	1974-75 £000
Turnover	56,550	44,450
Trading profit	5,347	4,919
Finance charges	1,124	1,026
Profit before tax	**4,423**	**3,893**
Tax	2,229	1,857
Minority interest	—	5
Attributable	2,194	1,981
Preference dividends	125	125
Extraordinary credits	172	277
Available Ordinary	2,241	2,033
Ordinary dividends	991	878
Retained	1,250	1,145

● **comment**

The fine Easter weather failed to prevent a sharp decline in profits growth for Vaux from 19.7 per cent. in the first half to only 8 per cent. in the second. In line with the sector, the group's first six months was greatly boosted by beer sales in the hot summer of 1975 and it looks at present as if the pattern could be repeated this year. Production is fully stretched at present, but new capacity is due to come on stream next month. However, with borrowings showing a net increase of £600,000 to a total of only just under £13m., interest continues to take more than 20 per cent. of trading profits and the first drawing due in October on the £4m. FCI loan suggests no let-up in this situation for a while yet. The shares at 247p yield 9.1 per cent. where the p/e is 7.9

Eucalyptus second half downturn

A sharp second half downturn from £1.08m. to £424,000 caused Eucalyptus Pulp Mills' 1975 pre-tax profits to decline marginally from £1.65m. to £1.63m. on turnover of £10.29m. against £9.24m.

However, earnings per 25p share are shown to have increased slightly from 22.1p to 22.6p because of a lower tax charge at £721,475 compared with £764,375 last time, due to the writing back of prior year overprovision of £24,324.

The company is not able to declare a second interim dividend as it has not received consent to the remittance of the dividend by its operating subsidiary. When it is, the company intends to pay a dividend of 14 per cent., making a total of 20 per cent. for the year (18.8 per cent.)

In his review, the chairman, Mr. C. E. Blunt, says the worldwide decline in the demand for wood pulp deepened into a real recession as the year progressed.

He says that it is to the great credit of Caima, its Portuguese subsidiary, that the results are so satisfactory

The market is now beginning to show signs of improvement in the U.S. This late development has caused the company's price to remain static for the last 18 months and it does not look for an improvement in the situation until next year.

However, the company has managed to maintain sales in the current year and the first half's results should prove highly satisfactory, but the outlook for the second half is more doubtful, Mr. Blunt tells members.

Demands for higher wages continued to be pressed, and the shortage of water, as acute in Portugal as it is in the U.K., has added to the problems of management.

Mr. Blunt is retiring at the AGM. at the Charing Cross Hotel, W.C., July 21 at 12.30 p.m. Sir John Colville will be the new chairman.

Statement Page 28

£1.25m. by Bishop's Stores

SALES OF wholesale and retail grocers, Bishop's Stores amounted to £78.4m. and pre-tax profit was £1.25m. for the year to February 28, 1976. For the previous 35 weeks' period sales were £44.47m. and profit £805,000.

Earnings per 25p share for the year were 10.79p (5.01p for the period), and the dividend is raised from 1.2947p to a maximum permitted 2.1062p net with a final of 1.1062p.

The chairman, Mr. J. H. Bradfield, believes that a £100m. sales figure could be approached in the current year.

On the other hand new, larger projects take longer to reach break even point and development expenditure will be heavy.

The net result is that internal forecasts show a useful move forward which should be achieved if the expected revival in the economy comes about.

An analysis of sales and profit shows (£000s omitted) retail £41,880 and £825; cash and carry £17,000 and loss £62; wholesale £19,524 and profit £480.

The selling area increased by some 18,500 square feet during the year. Building of a store which will provide 8,000 square feet is in progress and it is anticipated that other buildings, to be commenced later this year, will add another 14,500 square feet.

Net liquid funds increased by £275,000 (£393,000 decrease).

Meeting, Ruislip, July 21 at 3 p.m.

Opposition to Williams Hudson

WITH JUST over a week to go before shareholders of Williams Hudson meet to consider the group's proposals to reduce the capital from £3.5m. to £1.79m. by cancelling 15p paid up on the 20p ordinary shares, Mr. John Ormond, of Surinvest, is drumming up opposition.

The directors of Hudson, whose chairman is Mr. David Rowlands, have said that the reduction is a prelude to a rights issue. Mr. Ormond complains that no adequate reason has been given for this but if proposals for a reduction of capital are carried through, there is no way of stopping one.

Mr. Ormond claims to have the support of three institutions which together with Surinvest funds and its clients' account for about 1m. shares, or less than 10 per cent. of the equity.

Mr. Rowland's Argo Caribbean Group holds 44 per cent. of the capital and this, together with directors' holdings, gives directors effective control of WH. But Mr. Ormond points out that a 75 per cent. vote is needed for the present resolution.

See Lex

ISSUE NEWS

Borough of Sandwell £15m. of 13% stock

Application lists open on Thursday for an issue of £15m. of 13 per cent. Redeemable Stock 1982 in the Metropolitan Borough of Sandwell at a price of £97½ per cent.

The issue is payable as to £10 on application with £40 per cent. due on July 29 and the balance due on October 20.

Interest on the stock will be repayable half-yearly on June 15 and December 15. The first payment of £3.4366 gross will be made next December. At the issue price the grossed up running and redemption yields are 13.33 per cent. and 13.596 per cent. respectively.

The stock will be redeemed at par on December 15, 1982.

Prospectus Page 33

See Lex

RIGHTS RESULT

Elswick-Hopper's rights issue of one-for-two at 8p each to raise £394,000 has been taken up as to 83 per cent. The balance of 903,153 shares have been disposed of through the market and placed by the company's brokers. The net proceeds will be distributed to entitled shareholders.

GEORGE EWER

George Ewer's rights to raise £460,000 on the basis of one-for-three at 13p a share has received prior undertakings in respect of 45 per cent. of the issue. The issue is otherwise not underwritten.

Hargreaves £1½m rights

Hargreaves Group is raising £1.5m. by way of a one-for-[illegible] rights issue at 29p per share. The shares closed at 36p in the market.

Hargreaves, which recently announced record profits for the year to March 31, 1976 of £2.57m., states that although substantial unutilised short term facilities remain at the company's disposal the Board believes the capital base should be strengthened.

In the absence of unforeseen circumstances they expect to recommend dividends for the current year totalling 3.88p per share, an increase of 25 per cent. over the previous year's payment.

The issue has been underwritten by Kleinwort Benson; brokers are Hoare Govett.

MID KENT WATER

Underwriting has been completed for an Offer for Sale by Tender of £3m. 8 per cent. Redeemable Preference Stock 1981, in the Mid-Kent Water Company.

Full particulars will be available on Wednesday.

Brokers to the issue Seymour, Pierce and Co.

A. American Asphalt upsurge

REFLECTING a greatly increased contribution from the principal subsidiary, Metrotect, pre-tax profits of Anglo American Asphalt jumped from £845,512 to £901,035 for the year to March 31, 1976. The figures includes £144,306 (nil) from the associate W. and J. Glossop.

First half profits had risen from £167,000 to £335,000 and in November, announcing a one for four rights issue, the directors forecast that full year pre-tax profits, excluding Glossop, would substantially exceed those for 1974-75.

As promised, and approved by the Treasury, the final dividend on the increased capital is 5.63p net per 25p share lifting the total from 1.9942p to 6.5p. A two-for-one scrip issue is also proposed for holders registered July 23

	1975-76 £	1974-75 £
Turnover	8,328,026	6,532,459
Trading profit	805,210	471,677
Share of associate	144,806	—
Interest payable	49,081	125,165
Profit before tax	**901,035**	**345,512**
Taxation	486,093	160,000
Net profit	415,942	185,512
Extraordinary credits	112,796	32,312
Preference dividends	3,000	3,000
Attributable to Ord.	321,138	232,174
Group	476,598	232,134
Associate	44,540	—

The chairman, Mr. D. Burnell said that demand for Metrotect's pipeline protection products continued at a high level both at home and overseas, resulting in the manufacturing plants in Yorkshire and Kent working to full capacity.

The new plant in Scotland came into operation on schedule in April, 1976. The additional production capacity will enable Metrotect to give a more rapid and efficient service to Northern customers. Moreover, it will allow the two plants in England to concentrate on export business, members are told.

The remaining interests in quarrying of roadstone and the storage, heating and distribution of bitumen operated satisfactorily.

Excluding the share of profit from W. and J. Glossop, Metrotect accounted for 88 per cent. of the profit and quarrying and bitumen distribution 12 per cent.

Metrotect's order book stands at a higher level than last year and over 50 per cent. of orders are for export. Taking this into account, together with a 30 per cent. greater production capacity, Mr. Burnell sees no reason why the group should not do better in the current year.

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Borthwicks

MEAT TRADERS TO THE WORLD

SEE PAGE 30

Electra Investment Trust

- Earnings per stock unit show 12% annual compound increase over 10 years
- Expectation of growth in income
- Directors conscious of need to continue progressive dividend record
- Planned investment into established unquoted companies

In February Electra Investment Trust Limited obtained a listing on The Stock Exchange for the Company's Ordinary Stock. In his annual statement, Mr. Alastair F. Roger, the Chairman, commenting on past performance, said that the Company had achieved an increase in earnings per stock unit over the past 10 years at an annual compound rate of 12 per cent and the dividend had increased at a rate of 16 per cent.

Plans for the future

Reviewing plans for the future, Mr. Roger said it was the intention to diversify the Company's investment portfolio by building up a series of holdings in well-established unquoted companies. However, those investments, either at home or subject to the necessary consents, abroad would not amount to more than 50 per cent of the portfolio.

This policy would enable investors in the Company, both institutional and private, to have an interest in unquoted companies which would not normally be available to them. Mr. Roger continued "The method by which we intend to invest in an unquoted company will normally produce a high running yield and will give your Company, either immediately or after conversion at a later date, an equity participation. In this way, it is hoped, the growth in income of your Company will be maintained and the risk capital element of the investment appropriately rewarded. Your Board is very conscious of the importance of the Company maintaining a progressive record of dividend payments."

Policy in Action

"Among the more interesting investments we have already made are minority stakes in various companies in the Oppenheimer Group, a New York broking and investment banking business with substantial money management operations and a 19.5 per cent. holding in M. W. Marshall Investments Limited, a fast growing money broking organisation based in London."

Electra Group Services Limited

"Your Company holds 17.25 per cent of Electra Group Services Limited's issued capital and has a management contract with it. That Company, as well as managing the investment trust companies in the Electra House "Group", is expanding its business to include the management of investment portfolios of pension funds, other institutional investors and substantial private clients. It is, in addition, pursuing a policy of acquiring minority interests in investment management companies throughout the world."

"These activities will in the long term produce a steadily increasing revenue for your Company as well as providing a valuable capital asset."

Summary of Results

	1975 76	1974 75
Revenue available for Ordinary Stockholders	£1,926,560	£1,506,297
Earnings per stock unit of 25p	3.990p	3.138p
Dividend per stock unit of 25p	3.60p	2.40p*

	31st March 1976	1975
Investments at valuation	£64,550,256	£46,445,922
Net assets	£58,322,373	£44,785,042
Net asset value per stock unit of 25p	119½p	93½p

* Adjusted to allow for the "Scrip" Issue made in February 1976 and the subsequent subdivision of the Stock Units of £1 each into Stock Units of 25p each.

The Annual Report for the year ended 31st March 1976 can be obtained from the Secretaries: Electra Group Services Limited, Electra House, Temple Place, Victoria Embankment, London WC2R 3HP.

AN ELECTRA HOUSE COMPANY

Dorman Smith Holdings Ltd

	1976 £000	1975 £000	1968 £000
TURNOVER	11,768	10,724	2,323
EXPORTS	3,100	2,951	256
PRE-TAX PROFIT	2,735	2,435	376
TAXATION	1,449	1,282	164
Pay per employee	£2,635	£2,015	£735

Mr T G F Atherton, Chairman, Dorman Smith Holdings Ltd.

1. Dividend 6·60p per share.
2. Bonus issue of one for ten.
3. The figures above have been prepared in Mickey Mouse money (inflated pounds sterling) the only currency permitted by law and the requirements of the Inland Revenue.
4. Government interference has reached such a level that control of Dorman Smith Holdings now rests firmly with Members of Parliament and a vast seated unproductive army of British Civil Servants.
5. Members of Parliament and Civil Servants are by training, inexperience and past record, quite unsuited to the control of Dorman Smith Holdings or any other successful commercial enterprise.

Dorman Smith

Copies of the Report and Accounts may be obtained from the Secretary, Mr. K. F. Blackshaw F.C.A., Dorman Smith Holdings Ltd., Atherton Works, Blackpool Road, Preston PR2 2DQ.

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SGB drop in first half

IN THE half-year ended March 31, 1976, turnover of SGB Group rose £3.2m. to £29.63m., but profits before tax fell from £3m. to £2.76m.

The proportion of profits arising overseas is increasing and for the half year amounts to over one third of the total, "even though more recent overseas investments have yet to yield their full potential," the directors state.

The interim dividend is raised from 2p to 2.2p per 25p share. *Total for the year ended September 30, 1975 was 4.276p from profits of £5.95m.*

	First half 1976 £000	1975 £000	Year 1974-75 £000
Turnover	29,630	26,460	56,243
Profit	3,395	3,706	7,268
Other income	60	31	116
Interest charged	698	723	1,433
Profit before tax	2,757	3,014	5,953
Taxation	[illegible]	1,671	3,097
Minority	109	75	127
Attributable	1,220	1,268	2,729

* After deferred tax £463,000 (£190,000) and debit £312,000).

● comment

SGB has had a steadier six months with profits 8½ per cent. lower before tax. Overseas demand is the main cushion with profits arising outside the U.K. now up to more than a third of the total, against 28½ per cent. in 1974-75, and SGB expects to make further short-term progress in this direction. At home, business is noticeably weak in the South of England, with the North and Scotland providing some comfort: scaffolding hire—roughly a third of total turnover—is where the big problems lie, with SGB cutting prices in order to retain its market share. Still, the group should make at least £5¼m. pre-tax overall, so a 1975-76 yield of 9 per cent. at 76p is going to stay solidly covered.

Statement Page 28

Policy at Property Holding

Property Holding and Investment Trust continues its policy of selling flats on long leases wherever possible, reports the chairman Mr. D. Hewitt. This policy has produced a gross sum of £13.5m. since it started and sales of the remaining flats are expected to produce a total sum of £3.76m. over the next few years.

As reported on June 23, revenue before tax rose from £765,835 to £1,253,810 for the year to March 31, 1976. The dividend total is 5.32p (4.889p) net.

The residential portfolio has been reduced to a book cost of £1.53m., by the sale during the *year of flats which realised some* £1m., resulting in a profit of £528,000 which has been transferred to the Capital Reserve Fund.

Sales in hand at the year end have since been completed to the extent of £338,000. Once more the budgetary estimate of a year ago has been achieved, says Mr. Hewitt, and it is hoped that during the coming year sales of some £1m. will be secured.

To an even greater extent than hitherto *expenditure on the services* and maintenance of residential properties exceeded the gross rentals and charges payable by and recoverable from sitting tenants, members are told. This reflects the difficulties for landlords in continuing to own and manage residential property subject to rent control, the chairman adds.

Mr. Hewitt reveals that more than one approach has been recently received for the acquisition of *"the freehold site at* Thorney Court, W.8. After due consideration, the Board decided it was worth continuing the negotiations, which, it is hoped, will result in the eventual sale *of* this site at a satisfactory figure.

Chairman's statement Page 28

Dorman Smith turns in £2.74m

PRE-TAX PROFIT of manufacturing electrical engineers, Dorman Smith Holdings, increased from £2.44m. to £2.74m. in the year to March 31, 1976, after an advance from £0.97m. to £1.35m. at halfway. Turnover for the year was up from £10.72m. to £11.79m.

A final dividend of 5.75p effectively raises the total from approximately 4.34p to 6.6p net per 10p share, and a further scrip issue in non-voting "A" shares, this time one-for-10, is proposed. The company is "close." Earnings per share increased from 10.44p to 11.67p.

The chairman, Mr. T. G. F. Atherton, says liquid resources are more than adequate for the foreseeable future, and stand at such a level as to provide the company with the ability to take advantage of whatever commercial opportunities may arise.

Conditions in the company's sector of the electrical industry have recently been and continue to remain extremely difficult.

	1975-76 £000	1974-75 £000
Turnover	11,758	10,724
Pre-tax profit	2,735	2,435
Taxation	1,449	1,282
Extra-ordinary debits	—	56

● comment

Although the pre-tax profits of Dorman Smith are up by 12 per cent., trading conditions have been deteriorating throughout the year. As yet, there is no sign of an upturn and the pressure for cutbacks in public expenditure does not augur well. Nevertheless, the company is much more profitable than most—earnings this year show a return of 31 per cent. on shareholders' funds. Cash has been piling up and now stands at £2½m., compared to £0.8m. in March, 1975: the problem is to find a suitable investment. A high stock market rating is justified, but at 114p—where the *market capitalisation is over 2½* times net worth—there seems little to go for in the short run.

Statement Page 26

Property Growth Overseas

Property Growth Overseas has announced the launch of its Property Growth Overseas Investment Bonds. The company is a wholly-owned subsidiary of Property Growth Assurance Company.

The investment bonds are single premium life assurance policies available for applicants *who are non-residents of the U.K. The bonds are* expressed in units of equal value in two funds—the U.S. Dollar Fund or the Sterling Fund.

In the case of the Sterling Fund investments will be made initially in British Government tax-exempt, gilt-edged securities and tax-free, high-income bank deposits. Dollar Fund investments will be in U.S. equity and fixed interest securities.

ASSOCIATE DEALS

Vickers, Da Costa, has purchased 20,000 Forum Properties Ordinary shares at 43½p on behalf of Woodhouse Drake and Carey.

Moy Vanderville and Co., has purchased on behalf of Camellia Investments, 1,000 Jetinga Holdings Ordinary shares at 79p.

J. B. Eastwood back to profit with £7m.

SALES OF poultry farmers etc. J. B. Eastwood, increased from *£96.53m. to £116.26., and pre-tax* profit was £7m., against a loss of £0.54m., for the year to March 26, 1976. And the directors indicate higher profits for the current year.

When reporting a first half profit of £4.07m., against a loss of £1.38m., the directors anticipated that profit for the year 1975-76 would be satisfactory.

As to the current year, they state profitability so far is in line with the previous year and they are satisfied that they are continuing to improve their competitive position.

Basic earnings per 5p share for the past year were 14.94p (loss 1.16p) and diluted 14.10p (loss 1.1p). The dividend is stepped up from 3.12595p to 3.4385p net with a final of 2.2885p:

	1975-76 £000	1974-75 £000
Sales	116,260	96,529
Interest charges	1,665	1,582
Pre-tax profit	7,062	*544
Taxation	3,613	615
Net profit	3,389	*961

* Loss. † Credit.

See Lex

Rowlinson well placed

At a time when the building industry is working at only 75 per cent. of capacity, Rowlinson Constructions Group is well placed *with its future workload and* expects to increase its turnover, says the chairman, Mr. P. J. Rowlinson.

Funds are available to place a much greater emphasis on industrial and commercial developments which promise a higher return on funds employed, he adds.

The chairman reports an improvement in house sales in the last few months and the stock of unsold dwellings has been substantially reduced.

As announced on June 10 pre-tax profit expanded from £421,081, to a record £1,026,317 in the year to March 31, 1976 and the dividend is 2.005p (1.84p) net

Statement Page 28

Norwest Holst pays 2.5285p

CIVIL ENGINEERING and building contractors, Norwest Holst, is paying a dividend of 2.5285p net per 25p share for the year to March 31, 1976. This compares with 0.875p—interim only—for the previous year, and with a total of 2.345p for 1973-74.

Turnover for the past year increased from £59.45m. to £66.19m., and there was a turnround from a loss of £3.87m. to a pre-tax profit of £2.31m.

Profits have not been supplemented by the release of previous provision. A strict comparison with last year's figures allowing for exceptional items is a £2.5m. upturn in profit performance, it is stated.

Basic earnings *per share* were 8.8p (loss 34.7p) and fully diluted 7.5p (loss 24p).

	1975-76 £000	1974-75 £000
Turnover	66,190	59,452
Group profit	3,293	*2,518
Interest charges	981	1,352
Profit before tax	2,312	*3,870
Taxation	1,455	†736
Minorities	78	*24
Extraordinary profits	152	*792
Attributable Ord.	933	*3,880
Ordinary dividend	225	75
Retained	708	*3,955

* Loss. † Credit. Deficit.

Capital expenditure is now restricted to strictly profitable activity and unwanted assets have been sold as circumstances permitted with a view to helping the reduction of borrowings, it is stated. *Group borrowings, net of* short term deposits, were down from £12.5m. to £4.2m

● comment

An extensive management reshuffle, a 20 per cent. cut in administrative staff and a general change in accounting policy have contributed towards Norwest Holst's sudden recovery in 1975-76. The group's principal area of operation, public and private *civil engineering work, is hardly* an expanding sector at the moment, and an 11 per cent. rise in sales value suggest little volume growth. Even so, the balance-sheet has been considerably strengthened. Borrowings have been reduced from £12.5m. to £4.2m., and working capital is now totally financed by creditors. New contracts are continuing to come in and the group is expecting current year profits to continue moving ahead, albeit at a slower pace than last year's turnround. At 54½p the yield is 7½ per cent., covered 3½ times on a p/e of 5.9.

Statement Page 31

Mothercare approves

At the various meetings of Preference and Ordinary holders *the scheme for the cancellation* of the Preference in exchange for new Ordinary was passed. Court sanction must now be confirmed and the scheme is expected to become effective by the end of July.

Hambros Bank has agreed to extend the cash alternative until July 9. This offers Preference holders the full market value for their new Ordinary shares with the guarantee of a minimum of 195p.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or –	Div.	Times covered	Gross Yield	P/E Ratio
—	F.P.	—	10½	8½	Automated Sec. 10p	8½	...	+0.65	2.6	10.5	5.8
—	F.P.	—	£26¼	[illegible]	Berry Pacific [illegible]	£25	...	[illegible]	—	[illegible]	—
$18,500	F.P.	—	$1	$9,50	[illegible]	$9,508	...	—	—	—	—
—	F.P.	—	£28⅝	£25	[illegible] Corp. US$1	£28⅝	+⅛	$1.2		4.5	
—	F.P.	—	31⅞	30⅞	Remark [illegible]	£31⅛	+⅛	Q$1.92	—	2.8	—
47	F.P.	9/7	45	41	Wilson Walton 10p	44	...	[illegible]	2.1	11.2	6.1

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or –
£99	£50	26/8	49½	47½	Birmingham (City of) 13% Red. Stock 1983	49½	–½
£100	—	—	102½	100½	Debenhams 11% Con. Uns. 1995-6	100½	...
[illegible]	F.P.	—	[illegible]	[illegible]	[illegible]	$96½	...
US$100	Nil	—	$94¼	$94	[illegible] Guar. Floating Rate 1986	$95	...
£98¾	F.P.	23/7	99¾	98½	Newcastle & Gateshead 9% Red. Pref. 1981	98¼	...
US$100	Nil	—	101	100	Royal Bank of Scotland Floating Rate 1986	$101	...
US$100	F.P.	—	101½	99½	Sandvik 9½% Bonds 1986	$100	...
£98¾	F.P.	25/6	£96	£94½	Scottish Agric. Secs. 14% Deb. 1995	£95½	+½
£100	F.P.	4/7	124	115	[illegible]	114	...
£98	F.P.	30/7	10½	10¼	Sunderl'd and S.Shields W'r 8% Red Pref 1981	10¼	–¼

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date		1976 High	1976 Low	Stock	Closing Price p	+ or –
							15pm	–1
115	Nil	—	—	25	15	AAH	11pm	...
C$14	Nil	—	—	16	11	Bank of Montreal	71	...
58	F.P.	18/6	6/8	71	64	Bejam Group	102	
70	F.P.	1/6	9/7	104	[illegible]	[illegible]	34	–2
35	F.P.	21/6	19/7	40	34	Booth (Int.)	—	...
38	Nil	—	—	—	—	Charterhouse Grp.	15½	...
14	F.P.	16/6	30/7	15½	14½	[illegible]	2pm	+½
28	Nil	—	—	4	1½	Downs Surgical	170	+2
140p	F.P.	29/6	28/7	170	168	Dunbee-Combex-Marx	8½	...
8p	F.P.	25/6	16/7	9½	8½	Elswick Hopper	400	
300	F.P.	27/5	2/7	423	390	Heath (C.E.)	348	–5
330	F.P.	10/6	2/7	379	345	I.C.I.	58	
47½	F.P.	—	—	59½	57	Leaney Products		
							66½	–½
57	F.P.	3/3	20/7	71½	61	Lloyd (F.H.)	215	+2
188	F.P.	28/6	9/7	217	188	Lucas Inds.	34	...
35	F.P.	11/6	2/7	35½	34	Mallinson Wm. & Denny Mott	155pm	...
180	F.P.	11/6	9/7	155	154	Portals	22½	–½
21	F.P.	22/6	20/8	24	22¼	Press (William)	54	...
47	F.P.	10/6	23/7	56½	49½	Ransome, Hoffman, Pollard	445	...
400	F.P.	21/5	25/6	492	440	Selection Trust		
							34½	+½
32	F.P.	16/6	23/7	35	32¼	Tootal	52	...
45	F.P.	28/6	29/6	56	44	Tricentrol	122	...
$A1.20	F.P.	16/6	—	125	83	Western Mining	27pm	–1
60	Nil	—	—	28	23	W.G.I.	52	–1
70	F.P.	—	—	81	47	Whiteside-Burmah		

Renunciation date usually last day for dealing free of stamp duty. *a* Placing price to public. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part capital, cover based on dividend on full capital. *p*** Pence unless otherwise indicated. *u* Forecast dividend; cover based on previous year's earnings. *u* Figures based on prospectus or other official estimate for 1976. Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ★ Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ¶ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. • Allotment letters (or fully-paid). Provisional or partly-paid allotment letters. ‡ With warrants. ✦ After suspension.

NOTICE OF REDEMPTION

To the Holders of

OWENS-CORNING FIBERGLAS FINANCE N.V.

(now Owens-Corning Fiberglas Corporation)

9% Guaranteed Sinking Fund Debentures due August 1, 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of August 1, 1971, as supplemented, providing for the above Debentures, $200,000 principal amount of said Debentures bearing the following numbers have been selected for redemption on August 1, 1976, through operation of the Sinking Fund, at the redemption price of 100% of the principal amount thereof, together with the accrued interest thereon to said date:

DEBENTURES OF $1,000 EACH

31 42	1128	2098	3036	4201	5287	6438	7786	8926	10101	11654	12361	14310	15875	16605	17911	19262
75	1149	2112	3334	4269	5301	6440	7865	8091	10352	11668	13076	14412	15424	16010	18002	19331
155	1265	2291	3348	4287	5391	6552	7917	9131	10461	11733	13063	14462	15460	16724	18008	19361
268	1315	2361	3391	4330	5407	6668	7952	9243	10481	11762	13236	14541	15533	16750	18033	19369
307	1360	2397	3338	4365	5460	6704	7982	9254	10578	11847	13388	14544	15621	16875	18167	19411
417	1469	2435	3417	4389	5562	7079	8047	9406	10714	11975	13397	14552	15649	16903	18229	19475
545	1478	2443	3453	4430	5697	7107	8060	9494	10720	12030	13548	14613	15750	16928	18260	19563
570	1559	2464	3469	4444	5774	7252	8120	9503	10729	12094	13569	14635	15952	17159	18277	19650
647	1585	2485	3491	4498	5791	7326	8205	9506	10752	12096	13697	14718	16056	17182	18300	19739
780	1665	2649	3649	4613	5815	7329	8252	9662	10687	12202	13729	14750	16127	17233	18324	19753
791	1747	2707	3470	4687	6094	7432	8364	9677	10925	12303	13735	14820	16147	17285	18326	19876
878	1801	2719	3897	4696	6100	7464	8414	9711	11027	12527	13752	14896	16154	17295	18360	19922
949	1929	2765	3957	4739	6138	7492	8648	9723	11034	12404	13796	15115	16250	17327	18405	
957	1912	2823	4057	4804	6195	7541	8683	9790	11167	12467	13902	15173	16256	17369	18486	
1001	2029	2825	4141	4936	6267	7640	8744	9836	11205	12590	14092	15207	16386	17406	18706	
1028	2036	2840	4161	4978	6311	7697	8814	9956	11208	12781	14094	15288	16449	17510	18864	
1069	2055	2907	4171	5180	6358	7718	8852	10029	11323	12895	14275	15290	16452	17520	18984	
1095	2092	2995	4194	5194	6427	7784	8878	10048	11608	12900	14304	15309	16465	17540	19214	

On August 1, 1976, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the **corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, N.Y. 10015** or (b) subject to any laws or regulations applicable thereto in the country of any of the following offices, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris, Zurich or the main offices of Bank Mees & Hope NV in Amsterdam, Kredietbank S.A. Luxembourgeoise in Luxembourg and Banca Morgan Vonwiller S.p.A. in Milan. Payments at the offices referred to in (b) above will be made by check drawn on a bank in New York City or by a transfer to a dollar account maintained by the payee with a bank in New York City.

Coupons due August 1, 1976 should be detached and collected in the usual manner.

On and after August 1, 1976 interest shall cease to accrue on the Debentures herein designated for redemption.

OWENS-CORNING FIBERGLAS CORPORATION

Dated: June 29, 1976

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF $1,000 EACH

M-377 718 925 1188 3371 6232 6480 8226 14058 14117 14618 20000

The whole is greater than the sum of its parts.

CENTRAL & SHEERWOOD

Top left: Producing commercial mudguards at Robert Stockfis Manchester.
Top right: A Ransomes & Rapier NCK-Rapier Eiger C110 crawler crane.

Bottom left: Steel fabrication at Newton Chambers Engineering in Sheffield.
Bottom right: Aluminium diecasting at the A. L. Dunn factory at Nuneaton.

Central & Sheerwood is a holding company with industrial interests and financial services. C.& S.'s broadly based industrial activities include the manufacture of mobile cranes, motor components, products for the construction industries and heavy engineering plant. Among its major subsidiaries are Ransomes & Rapier, Newton Chambers, Robert Stockfis and the Dunn Group. The financial services side provides professional skills in all aspects of corporate finance, merger brokerage, insurance, pensions and tax planning; with Chesham Amalgamations, Sheerwood Corporate Services and W. G. Hill as the main subsidiaries.

This spread of industrial and service activities enables Central & Sheerwood to continue to advance even when the business climate is unfavourable.

36 Chesham Place, London SW1X 8HE.

A Ransomes & Rapier Eiger C110 crawler mounted lifting crane, a top performer, manufactured in Ipswich. It is capable of lifting and transporting 110 tonnes.

INTERIM STATEMENT

SGB GROUP LIMITED

INTERIM REPORT

The unaudited Group profit for the half year subject only to tax amounted to £2.757,000 compared with £3.014,000 in the same period last year. Turnover was £29.6 million compared with £26.4 million last year.

The directors have announced an interim dividend of 2.2p per share which will be paid in full on 7th October, 1976, to shareholders on the register on 9th September, 1976. This compares with a dividend of 2p per share paid last year and is covered approximately three times by the half year profit. The increase of 10% is limited in line with Government restrictions.

The proportion of profits arising overseas is increasing and for the half year amounts to over one third of the total, even though our more recent overseas investments have yet to yield their full potential.

Edgar Beck,
Chairman

GROUP EARNINGS

	Half year to March 1976 £'000	Half year to March 1975 £'000	Year to Sept. 1975 £'000
Turnover	29.630	26.360	56.243
Group profit before interest and taxation	3.395	3.706	7.288
Interest and Dividends, receivable	60	31	118
	3.455	3.737	7.406
Interest charges	698	723	1.453
Profit before taxation	2.757	3.014	5.953
Taxation on profits.			
Current	1,891	1.771	2.585
Deferred	(463)	(100)	512
	1,428	1.671	3.097
Profit after taxation	1,329	1.343	2.856
Minority interests	109	75	127
	£1.220	£1,268	£2.729
Interim Dividend			
Actual	£454	£410	
Pence per share	2.2p	2p	

Allied Colloids £0.7m. ahead

PRE-TAX PROFIT up from £1.66m. to £2.37m. for the year to April 3, 1976 and a one-for-eight rights issue at 70p are announced by industrial chemical manufacturer *Allied Colloids*.

Turnover rose from £10.68m. to £12.95m., stated earnings per share increased from 9.44p to 11.78p and the net dividend is lifted from 1.24611p adjusted to 1.37805p.

The rights will raise about £1m. and will not rank for the 1975-1976 dividend. The issued will be made on July 9.

The Board intends to pay total dividends of 4.35p net in respect of the current year, part of which will be paid as an interim at the time when the results for the half year are announced, Treasury consent has been obtained.

Trading for the first two months of the current year is substantially ahead of that for the comparable period of last year.

For 1975-76, tax was £1.14m. (£0.74m.) and there was no notional ACT recovered on the April 1973 dividend against £37,000 last time.

	1975-76 £000	1974-75 £000
Group turnover	12.954	10.677
Group pre-tax profit	2.368	1.661
Tax	1.144	737
Profit after tax	1.224	924
Proposed dividend	131	139
Notional ACT recovered on April 1973 dividend	—	37

U.K. deferred £271,000 (£604,000), overseas deferred £14,000 (nil).

● comment

Allied Colloids has taken the rights issue route to boost its dividend radically. The yield on the shares has been low for the chemicals sector until now, and the rights issue will have the effect of trebling the net dividend to 4.35p per share which will in turn pitch the yield slightly above the chemical industry average of 5.87 per cent. The rights issue is backed up with a good set of profit figures. Over the past few years around three-quarters of the company's cash flow has been invested in new capacity and this is now paying off in terms of solid volume growth and steadily-rising margins—second-half profits rose 53 per cent. on a 28 per cent. increase in turnover. With almost 70 per cent. of turnover coming *from overseas (the proportion is increasing)*, sterling's recent depreciation has given a useful boost. Trading in the current year is "substantially ahead" and the company sees its future growth coming from new markets in polution control and oil servicing as well as its traditional markets in the paper and textile industries.

Second half recovery at R. Moss

IN LINE with its interim forecast, pre-tax profit of **Robert Moss** improved considerably in the second half from £70,000 to £173,000 for a total of £244,692, against £304,006, for the year ended March 31, 1976. Turnover was £1.26m. (£1.22m.).

Reporting mid-term results last December, the chairman, Mr. R. B. Cole, said that he was confident that the uptrend in orders, which began in September, would continue and that the second-half would show a marked improvement over the first, when pre-tax profit fell from £234,000 to £72,000.

As promised, the total payout is raised to the maximum permitted of 2.2169p net (2.045p) per 10p share, with a final dividend of 1.1169p (1.045p). In addition, a scrip issue of one-for-three is proposed.

Stated earnings per share fell from 4.2p to 3p.

Directors say that if progress is maintained at the rate of that of the last 1975-76 quarter, they anticipate that profits for the current year will be around the record £439,974 of 1973-74.

BIDS AND DEALS

S. Berisford is Martin suitor

S. and W. Berisford, the international sugar and commodity trader, is making a £13.1m. bid for Tom Martin Metals. The offer follows several weeks of market rumours during which Tom Martin has turned down an approach from an offshoot of Shell believed to be in the region of 70p.

The present terms are 85p in cash for each Martin share, or one share in Berisford for every two Martin shares plus 12½p cash, which with Berisford closing 4p lower at 145p last night is worth 78½p.

There ars also proposals to cancel the £760,000 of outstanding Martin convertible loan stock either at par, or at the option of stockholders by the issue of 61 shares in Berisford for every £100 nominal of loan stock, worth £88.45.

The directors of Martin, who have been advised by Hambros Bank will recommend shareholders to accept and will do so in respect of their family and charitable trust holdings, totalling about 30 per cent.

Berisford is a ring dealing member of the London Metal Exchange but is one of the few to have no physical metal interests; the merger with Martin is therefore seen to be a logical extension of its existing "significant" activities in non-ferrous metals.

For its part, Martin, which according to Mr. Walter Hubert, (deputy chairman and joint managing director) will account for 20 per cent. of Berisford's profits this year, will benefit from Berisford's network of international trading contacts.

The chairman, Mr. Arthur Hubert and Mr. Walter Hubert will be invited to join the Board. They intend to accept the share alternative in respect of their own beneficial holdings of 2.4m. shares which if the bid goes through would give them a combined holding in excess of any present Berisford director.

County Bank is acting for Berisford.

● comment

The Berisford bid looks a good deal for Tom Martin shareholders, with cash the better option (before Capital Gains Tax). The cash offer of 85p compares with 59p last Thursday and gives an exit p/e of 9.1 on profits of perhaps £3m. for the current year. The cash value of a share swap is only 78½p. Equally, for the loan stock holders, the cash of £100 compares with a share swap equivalent of only £88.45. But if shareholders opt for Berisford shares, they will be contributing a fifth of combined profits of perhaps £14½m. for a fifth of the equity. No doubt Berisford will be hoping for the cash option, with £6.5m. available in the balance scheet and an additional £8.35m. from the November rights issue. On a cash deal, combined earnings for the current year would then be about 21p a share against last year's actual 32.2p, both fully diluted. Under the share swap there would be dilution of about 14p a share. Berisford closed at 145p (down 11p over the past two trading days) and Tom Martin was 82p.

YORK WINS CARRIMORE

York Trailer, having obtained a further 82,194 shares in Anthony Carrimore through Lazard Bros. at 76p a share, has now won control with 52.78 per cent. of Carrimore.

The deal has gone through in spite of the Carrimore directors' advice that shareholders should wait for the offer documents from both York, which had originally bid 57½p cash, and Edbro whose amended share offer was worth 80p last night, before making a decision.

The formal offer documents, at the increased price of 76p, will be posted to Carrimore holders as soon as possible. The offer for the Preference remains at 50p.

Edbro stated last night that its offers would lapse on July 2.

ROBERT STIGWOOD

The Scheme involving the cancellation of all the Ordinary shares in Robert Stigwood Group other than those in which Polygram BV and its wholly-owned subsidiary, Necesse B.V., are interested has been sanctioned by the High Court and became effective yesterday.

CLARK & FENN

On June 25, L. Messel purchased on behalf of Trafalgar House Investments 25,000 Ordinary shares in Clark & Fenn (Holdings) at 75p each.

EMU WINE

Emu Wine announces that acceptances to its offer for Stephen Smith now amounts to 71,565 shares which, together with the 790,385 previously owned total 861,950 (97.9 per cent.).

The offer is to remain open for a further two weeks.

SILVERMINES

Following the share issue by Aran Energy, Silvermines' holding amounts to 1,301,331 Ordinary shares, of which 1,001,331 are fully paid, representing 25.3 per cent. of Aran's capital.

TRUST MERGER

The merger of Scottish Investment Trust and Second Scottish Investment Trust has been approved. Formal steps to obtain Court sanction are being instituted and it is anticipated that the effective date of the merger will be November 1.

PENTOS/JEAVONS

Pentos now has 94.82 per cent. of Jeavons. The cash option has now expired.

Confidence at Plantation Holdings

Plantation Holdings has weathered the recession and unprecedented inflation, says the *chairman, Mr. S. W. Livesey. The* first quarter of the year with more than doubled trading profits has indicated good results, he tells members, and he is confident that the group will be successful again in 1976. It is now stronger and well placed to meet any upturn in business, he adds.

Steps were taken during the year to reorganise and retrench in certain areas where performance criteria were not being met. In consequence, substantial extraordinary costs had to be borne. The results of these efforts, coupled with an improving economic situation, have resulted in an increase in U.K. operating profits by £128,000 to £932,000.

As reported on May 20 pre-tax profits slipped from £2.77m. to £2.26m. The dividend is 1.7732p (1.6854p) net.

In Malaysia, government restrictions on tapping and the use of stimulants had an adverse effect on rubber crops. Prices were lower than in 1974, but the action to reduce production undoubtedly assisted in sustaining price levels. Towards the year end, prices rose and this, together with the lifting of restrictions, helped profitability.

Palm oil profits were affected by commercial problems which made it difficult to obtain a high intake of outside fruit for the Palm Oil Mill.

Chairman's statement Page 31

Haw Par (London)

Haw Par (London), a company whose Ordinary shares are held by Haw Par Brothers International of Singapore, is proposing to increase its capital from £4.8m. to £8.8m. at an EGM meeting on July 20, by capitalising £4m. on an inter-group loan account.

The capitalisation will benefit the convertible preference shares which are held by the public in both the U.K. and Singapore, the company said. As debt, the £4m. ranks ahead of the convertible preference shares while as Ordinary capital it would rank behind it.

Haw Par group sources said a circular on the sale of Haw Par (London)'s 30 per cent. stake in London Tin Corporation—its only significant asset—will be sent out at the end of this week.

Audited 1975 accounts of Haw Par (London) should be published before the July 20 general meeting.

The audit of Haw Par (London) is currently being reconstituted to exclude equity accounting, introduced in the 1974 accounts.

Dorrington tops £0.35m for 9 months

Dorrington Investment Co. reports turnover of £2.22m. for the nine months to March 31, 1976 and pre-tax profits of £331,000. This compares with £2.37m. and a loss of £804,000 for the previous year.

Earnings are shown at 3.22p per 10p share against a loss of 0.73p and the dividend is 1.880p net (nil).

The directors state that the new financial year starting April 1 has seen continued buoyancy in the companies' activities and profitability for the year should be no less than the 1976 figure at an annualised rate.

Without deviating too far from the established pattern of trade the portfolio of properties is being actively increased, they add.

As at August 21, 1975 London Consolidated Properties, a member of Schesinger Group, held 30 per cent. of the equity.

£0.5m deficit at U.K. Property

On turnover of £6.75m., United Kingdom Property Company made a pre-tax loss of £510,000 for the nine months to March 31, 1976. In the previous year turnover was £7.43m. and the loss £922,000.

The loss per share is given as 1.62p (2.89p) and again there is no dividend.

The directors believe the latest loss will be the last. A noticeable improvement in results has been experienced in last three months of the period.

The previous practice of capitalising interest paid has virtually ceased, they say and the more stable economic environment presents an opportunity to consider a number of alternatives for expanding activity and investment.

The company is controlled by Schlesinger European Investments.

EUCALYPTUS PULP MILLS LIMITED

Extracts from the Chairman's Statement to be made to the Annual General Meeting—21st July 1976.

It will be seen that the profit before taxation just failed to match the record figure for 1974, but that, after taxation, it is again a record for the Company. This, I feel, is satisfactory when set against the economic recession in the world generally that took place in 1975.

I should like, if I may, to take a look back over the twelve years since the Company obtained a Stock Exchange quotation for its shares to assess what has been achieved and to consider briefly what should be our future aims. The table below compares the figures at the time of the original advertisement in July 1965 with those in the accounts now before you.

	1964	1975
Issued Share Capital	£775,000	£931,000
Shareholders' Funds	£1,317,471	£5,738,420
Profit before Taxation	£296,444	£1,634,152
Dividend	8%	20% (net of tax)
Turnover	£1,143,418	£10,288,333
Investment in issued share capital of Caima	Esc.4,000,000	Esc.111,720,000
Per cent Exported	95%	94%
Installed capacity	45,000 tons	85,000 tons
Forest Lands	650 acres	21,526 acres

What emerges is that the Company, which founded the wood pulp industry in Portugal in 1890, has over these twelve years continued to build up an asset of considerable value to the Portuguese economy and last year, by its exports, contributed some 19½ million U.S. Dollars to that country's balance of payments. The growth of the trees, which has been exceptionally good, will continue to improve the value of that asset and the expansion and modernisation of our mills to add to our export contribution.

Turning to the future, the experience of wood pulp mills in other parts of the world points to the smaller units tending increasingly to become uncompetitive. I have referred in recent statements to the steps we are already taking to expand production at our mill at Constancia and it will be the policy of the Board to continue expansion there as finances permit. We also attach great importance to ensuring our wood supply and, consequently, regard the continued development of forest lands as a high priority in the longer term.

A limiting factor on the finance that will be available for both mill and forest development must, of course, be the need to spend over the next few years large sums of money in improving the treatment of effluent from the mills.

As last year, it is not possible to put to the Annual General Meeting a formal Resolution declaring a final dividend, because, at the time this statement goes to press, consent to the remittance of the dividend by our operating subsidiary has not been received. When it is, a second interim dividend will be declared, which, subject to the amount actually received proving sufficient, will be at the rate of 14 per cent, making 20 per cent for the year. (1974—18.8 per cent).

The decline in the demand for wood pulp all over the world to which I drew your attention this time last year, deepened into a real recession in the trade as the year progressed, and it reflects great credit on the Caima company that our financial results are so satisfactory.

The improvement in the market which we had expected to appear about the end of 1975 has been slow to materialise and it is only now, at mid-1976, beginning to show itself in the U.S.A. Consequently, our price has remained static for the last 18 months and we do not look for an improvement in this situation until next year.

In spite of the market conditions with which we have had to contend so far this year, we have more than maintained our sales when compared with the corresponding period of last year, a year in which, however, weak market conditions forced us to curtail production. For the current year, results for the first half should prove highly satisfactory but the outlook for the second half is more doubtful. Demands for higher wages continue to be pressed, and the shortage of water, as acute in Portugal as it is in the United Kingdom, has added to the problems of Management.

C. E. BLUNT,
Chairman.

Port of London Authority

PLA

Extracts from the Annual Report and the Statement by the Chairman, Lord Aldington

Problems of cash and surplus manpower

A great part of the large loss of £8.4 million from continuing operations which we are reporting to you this year, is the inevitable result of the PLA having had too many registered dock workers and too large a staff for the revenue which we could command. For most of the last half of 1975 we had surplus manpower costs of around £150,000 per week for registered dock workers and staff.

Severance payments to a substantial amount have long been foreseen as an inevitable part of the re-structuring of the Port of London Authority. Inflation has, however, greatly increased the cost above the amounts that could be foreseen in 1972, at which time it seemed that the orderly disposal of the surplus real estate of the Authority would amply cover that and other re-structuring costs and then leave large amounts for port developments. Since then, however, the value of the Authority's surplus land has taken a sharp dive; and the effect of the Community Land Act and other legislation in hand has been to delay the conclusion of agreements with local authorities, and to jeopardise the implementation of others.

We are, and must be, a self-reliant organisation making a proper amount of profit after servicing our loan capital and our short term borrowings. There is no reason at all why the PLA should not be profitable so long as the conditions under which it employs dock workers and staff are reasonable and sensible, and competition is fair. I do not hold the view that the National Dock Labour Scheme as originally introduced, and as it has been developed, makes it impossible for British ports to run their affairs efficiently and profitably. But acceptable ways do have to be found to enable the National Dock Labour Board to fulfil their statutory duty of keeping the register in balance with numbers required for the modern methods of handling the modern level of traffic.

Marketing and charges

Inevitably in the past two years more has been written and said about the reduction in the number of ships using the Thames and the level of traffic both cargo and oil and other commodities. Less has been written and said about the additional services won by the Port of London as a result of the strong marketing efforts made by those working in it. It cannot be said too often that the success of this marketing effort depends upon the service actually given in the enclosed docks or in the river where that is applicable, and in the reliability of that service. The speed of turnround of the modern ship is as important – and some say more important – than the charges we make. London is often described as a generally high cost port. In fact our container charges for some time have been very much on the low side; and in general the through transport charges imposed on much of the traffic unloaded or loaded at the enclosed docks, which adjoin the most populous part of the United Kingdom, are not uncompetitive.

The fact that London is in competition with Continental ports comes as a surprise to some people. Nevertheless, substantial amounts of deep sea cargo destined for the UK and for import through London and other UK ports are unloaded at Continental ports and then transhipped often via Ro-Ro services through Channel/East Coast ports.

This has indeed all along been in our minds when advocating the new seaport at Maplin. We maintain the opinion that Maplin is the right place for a deep-sea outer estuary port and the sooner road and rail links can be provided and the scheme can be approved, the better.

In the meanwhile I am very glad that the Government have approved the Northfleet Hope development whereby a deep-water riverside port for large container ships will be built at Tilbury, just outside the enclosed docks, and I welcome the arrangements made between OCL and ACT(A) with us which have led to the scheme.

The Accounts

The provision we have made in our Accounts, which, taken together with severance costs and other re-structuring items and added to the operating loss result and interest, is a reduction of the Authority's reserves by £35.3 million. All of this provision relates to the value of our surplus or non-operational land. As you will have seen in notes to previous years' accounts, we have sought the advice of Messrs. Weatherall, Green & Smith, Chartered Surveyors, on the proper valuation of our surplus land. Last year we passed on their warning that currently proposed legislation was likely to have an important effect on that valuation. It is still not possible to make any very accurate estimate of the value of surplus land but we intend to arrange for a careful valuation of all these properties before the end of 1976, assuming that the implications of the Development Land Tax proposals have become clear. Meanwhile we have made a provision of £20 million which we estimate as prudent. The provision also covers the contract for sale of Cutler Street Warehouse, the fulfilment of which is in doubt.

We are advised that the value of our operational land and buildings is probably understated in the Balance Sheet.

This leads me to the reserves in the Balance Sheet. Their amount is bound to be affected by the ups and downs of property values. They now stand at £17 million, slightly above 1969 which was the year before land and building values were written up in our Accounts. It is the Authority's intention as soon as possible to start rebuilding the reserves from retained profits.

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Progress in 1976

Since I prepared my Statement accompanying the 1975 Annual Report and Accounts, there have been some more encouraging signs in our trading results and business prospects.

Although we have lost some conventional trades, we have gained others. Container traffic remains steady and oil traffic is happily above the level anticipated. Over the last month the number of ship movements in the river was 3,124, compared with an average of 2,950 a month last year. Generally the tonnage of cargo we handle has been better than we expected and as a result our profitability has improved. Our cash position is also better than we expected at the turn of the year, partly because of our better trading results, but also because of the completion of sales of large areas of land at London and Surrey Docks. In the absence of abnormal conditions we would not expect to exceed our short term borrowing limit of £12m. this year at least.

In order to improve the competitiveness of the port we have held our scheduled charges at the 1st January 1976 level.

But the port faces many problems, the largest being the underlying and continually growing surplus of dock labour and, in PLA, of staff also. In 1973 the cost in wages and National Insurance contributions to PLA of registered dock workers for whom there was no work was over £120,000, in 1974 it was about £330,000, and in 1975 about £3.3m. In the first quarter of this year the costs to PLA were about £1.15m. The strain that this burden places on port employers and particularly the PLA as the largest and, as things are at present, in the ultimate, the residual employer, can hardly be over-emphasised.

We cannot remain competitive as a port if we try to recover the costs of a permanent surplus of manpower in our charges. And if we are not competitive, the surplus of manpower will grow even larger.

Summary of Accounts for the year ended 31st December 1975

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31st December 1975

	£000	1974 £000
TOTAL OPERATING REVENUE	53,339	46,092
OPERATING LOSS BEFORE DEPRECIATION (1974 PROFIT)	1,593	5,678 CR
Provision for depreciation *Less* Proportion of port modernisation and investment grants	2,493	2,353
OPERATING LOSS (1974 PROFIT)	4,086	3,325 CR
Investment income	990	1,890
LOSS BEFORE INTEREST (1974 PROFIT)	3,096	5,215 CR
Interest charges	5,261	4,665
LOSS FROM CONTINUING OPERATIONS BEFORE TAXATION (1974 PROFIT)	8,357	550 CR
Taxation	—	—
LOSS FROM CONTINUING OPERATIONS AFTER TAXATION (1974 PROFIT)	8,357	550 CR
NET COST OF RESTRUCTURING	27,761	1,981
AMOUNT SET ASIDE FOR STOCK AND LOAN REDEMPTION	1,126	1,092
AMOUNT RELEASED FROM STOCK AND LOAN REDEMPTION FUND IN RESPECT OF STOCK PURCHASED OR REDEEMED	1,980 CR	663 CR
NET REDUCTION IN RESERVES	35,261	1,855

GROUP BALANCE SHEET at 31st December 1975

	£000	1974 £000
CAPITAL EMPLOYED		
FIXED ASSETS *less* depreciation	111,713	116,169
DEFERRED ASSET	10,000	10,000
	121,713	126,169
Less PROVISION	20,000	—
	101,713	126,169
INVESTMENTS	9,867	10,709
CURRENT ASSETS	11,559	16,094
Less CURRENT LIABILITIES	21,832	11,272
NET CURRENT LIABILITIES (1974 NET CURRENT ASSETS)	10,273 CR	4,822
	101,337	141,700
REPRESENTED BY		
CAPITAL LIABILITIES	65,560	71,686
RESERVES	16,986	52,222
STOCK AND LOAN REDEMPTION FUND	8,663	9,517
INSURANCE FUND	3,165	3,153
PORT MODERNISATION AND INVESTMENT GRANTS not yet credited to revenue	6,126	6,502
DEFERRED TAXATION	52	615
MINORITY INTERESTS IN SUBSIDIARIES	6	15
	101,530	141,910
Less DISCOUNT AND EXPENSES ON ISSUE OF PORT STOCK at cost less amounts written off	193	210
	101,337	141,700

ALDINGTON, *Chairman* J. D. PRESLAND, *Executive Director (Finance)*

Note 1c to the published accounts of the P.L.A.:-

It has been considered prudent to make a general provision of £20m. against the value of property not required for the group's operations. The desirability of making such a provision has arisen from the effects of the Community Land Act, the uncertainties surrounding the Development Land Tax proposals and the state of the property market generally and as it specifically affects the group. This provision relates to both the book value of land included with fixed assets and the amount due from the sale of property shown as a deferred asset and has therefore been shown separately in the balance sheet. As the situation clarifies, the provision will be eliminated or identified specifically with the asset to which it relates.

The report of the auditors on the published accounts of the P.L.A. is shown below :-

REPORT OF THE AUDITORS TO THE PORT OF LONDON AUTHORITY

As auditors appointed under Section 59 of the Port of London Act, 1968, we have examined the accounts (set out on pages 21 to 31).

As indicated in Note 1c a provision of £20 million has been made against the value of land not required for the group's operations and against a deferred asset of £10 million in respect of the sale of property. We have been unable to satisfy ourselves as to whether the amount of this provision is appropriate and accordingly whether the charge in the profit and loss account is adequate or excessive.

Subject thereto, we report that, in our opinion, the accounts give, so far as concerns the Port of London Authority, a true and fair view of the state of the Authority's affairs at 31st December, 1975 and of the results for the year ended on that date and comply with the Statutory Harbour Undertakings (Form of Accounts etc.) (General) Regulations 1969.

Deloitte & Co., Chartered Accountants, London.
10th June, 1976

Published by the Port of London Authority under Section 8(3) of the Port of London Act 1968. J. C. JENKINSON, Secretary, 29th June, 1976

Copies of the Annual Report and Accounts can be obtained from the External Affairs Department, Port of London Authority, World Trade Centre, E.1. Price £1.50

HONGKONG (Selangor) RUBBER

MR. ADDINSELL'S STATEMENT

The Sixty-fourth Annual General Meeting of Hongkong (Selangor) Rubber Limited was held on June 28 in London, Mr. J. Addinsell, the Chairman presiding.

The following is an extract from his circulated statement:—

The restrictions imposed by the Malaysian Government continued until October. Although the lifting of these restrictions, particularly the use of chemical stimulant, assisted production in the last three months, crop for the year was nearly 10 per cent. lower than in 1974. Despite an improvement in the second half of the year the average net price received for our rubber, the main part of which continues to be sold as field latex, was 6.04p per kg. lower than the previous twelve months.

The crop restrictions and reduced rubber price also affected the fortunes of the associated company and resulted in a substantial fall in our share of that company's profits. Nevertheless, the dividend we received from them for 1975 was equivalent to £5,893 gross as against £5,362 for the previous year. Results of the associate should be better in 1975/76, although the dividend they can pay is at present limited by the U.K. government's counter-inflation legislation.

After taking into account investment income and providing for taxation the year's working resulted in a profit of £3,052, as compared with £25,504 for 1974. An interim dividend of 0.170p was paid on the 29th January 1976 and the Board are now recommending a final of 1.455p making a total of 1.625p per share for the year.

No replanting is to be undertaken in 1976 but the company expects to deal with an area of about 50 acres in 1977.

For the first four months of the current year 96,163 kg. of rubber have been harvested as against 75,070 kg. for the same period last year. The improvement in prices evident in the second half of 1975 has continued into 1976 and, provided this is maintained, the Board are hopeful that results to be set before you next year should show a satisfactory improvement.

The Report was adopted.

Agents and Secretaries: Harrisons & Crosfield, Limited.

Rowlinson

Mr. P. J. Rowlinson, Chairman, reports on the year ended 31st March, 1976:

- ★ Profits over £1 million for first time.
- ★ Turnover almost doubled.
- ★ Pre-tax earnings 140% higher at £1,026,517 against £421,081.
- ★ Dividends up from 1.84p to 2.005p per share.
- ★ Funds available for further expansion.

Accounts available from the Secretary.

Rowlinson Constructions Group Ltd.,
Ann Street, South Reddish, Stockport, Cheshire, SK5 7PR

Property Holding & INVESTMENT TRUST LIMITED

Extracts from the Statement by the Chairman Mr Douglass Hewitt, FCA

- Gross Revenue to 31st March, 1976, increased by £426,000 to £2.1 million.
- Maximum permissible dividend of 5.320p (4.889p) recommended, equivalent with tax credit to 8.18p (7.44p).
- Net capital surpluses of £809,000 after tax transferred to Capital Reserve.
- Directors' valuation of all properties £48.5 million shows a surplus of £11.8 million on comparative book values at 31st March, 1976.
- Cash and short-term deposits of £944,000 reflect strong financial position.
- Further increase forecast of £500,000 in net income from properties over the next two years.

The Annual General Meeting will be held on Tuesday, 20th July, 1976.

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REED INTERNATIONAL LIMITED

REED

Review by Alex Jarratt Chairman and Chief Executive from the Reed International Annual Report for the year ended 31 March 1976

Last year was probably the worst experienced by pulp and paper makers since the war. The rapid turn down in world economic activity left the industry and its customers with massive stocks, reduced demand and serious under-utilisation of capacity. Recovery has been slow; only in the United States can it be said that, after a hesitant start, the economy is moving up. Elsewhere, the extended period of de-stocking has ended, but the ensuing level of demand is still well below the industry's capacity to supply. The Canadian pulp and paper industry suffered the further blow of major strikes. In our case, three months' production was lost in British Columbia and 14 weeks in Quebec, both major sources of the Company's profits.

The building industry was another hard hit area. Again, this has been a world-wide phenomenon, with poor demand, excess capacity and keen competition for orders. It has been especially marked in Europe, causing considerable difficulties for our tile and sanitaryware operations in Holland. However, our plastics pipes and fittings business in the UK, Key Terrain, has performed well as has Walker Crosweller, the company we acquired earlier in the year.

Publishing buoyant

Our publishing activities have remained buoyant despite reduced circulations and a generally depressed advertising market. It is particularly pleasing to report that the newspaper division moved back into profit this year after losses in the previous two.

Decorative products in the UK felt the effects of customers' reduced discretionary incomes as the year progressed, though there were signs of a recovery towards the end. In Canada and the United States the results from this activity were severely affected not only by a weak market but also by a major reorganisation of the whole business, including the closing of a wallcoverings factory in New Jersey.

In short then, a difficult year. But it was marked by a number of major developments that will strengthen the Company's operational base for the future. Firstly, we continued to invest in new plant, equipment and factories, some of them major schemes such as starting the extensive reconstruction of the Dryden Mill in Canada; completing a new pulp and paper mill at Stanger in South Africa and a new linerboard mill in Mississauga near Toronto; and introducing new technology into Mirror Group Newspapers, as well as many other important items throughout the Company. Our capital expenditure in 1975/76 was £54 million compared with £39 million in the previous year.

Major advances in packaging

Secondly, we made a major advance in packaging. This is one of the Company's most successful activities, in which we have extensive experience and skill in the UK and on which we believe we should build for the future. We already have packaging activities in Canada, which are being extended; in Australia, where a new programme of capital expenditure is under way; and in Europe, through our Dutch subsidiary, van Meurs. To these have now been added De Hoop, a principal manufacturer of corrugated cases and boxes in Holland, and a majority shareholding in Nampak, the biggest packaging manufacturer in South Africa. These, combined with continued investment in our UK factories, make Reed International one of the largest and most effective companies in this field in the world.

Thirdly, we have committed ourselves to a higher level of performance throughout the Company. This means establishing systematic programmes of improvement throughout all our activities and so increasing the effectiveness of every person employed. We have taken important steps already that will produce benefits in the current year. It is an on-going process: one that is essential for the Company's profitability and thus its ability to provide secure and satisfactory employment, investment in new plant and equipment, and enhanced value to the shareholders' capital.

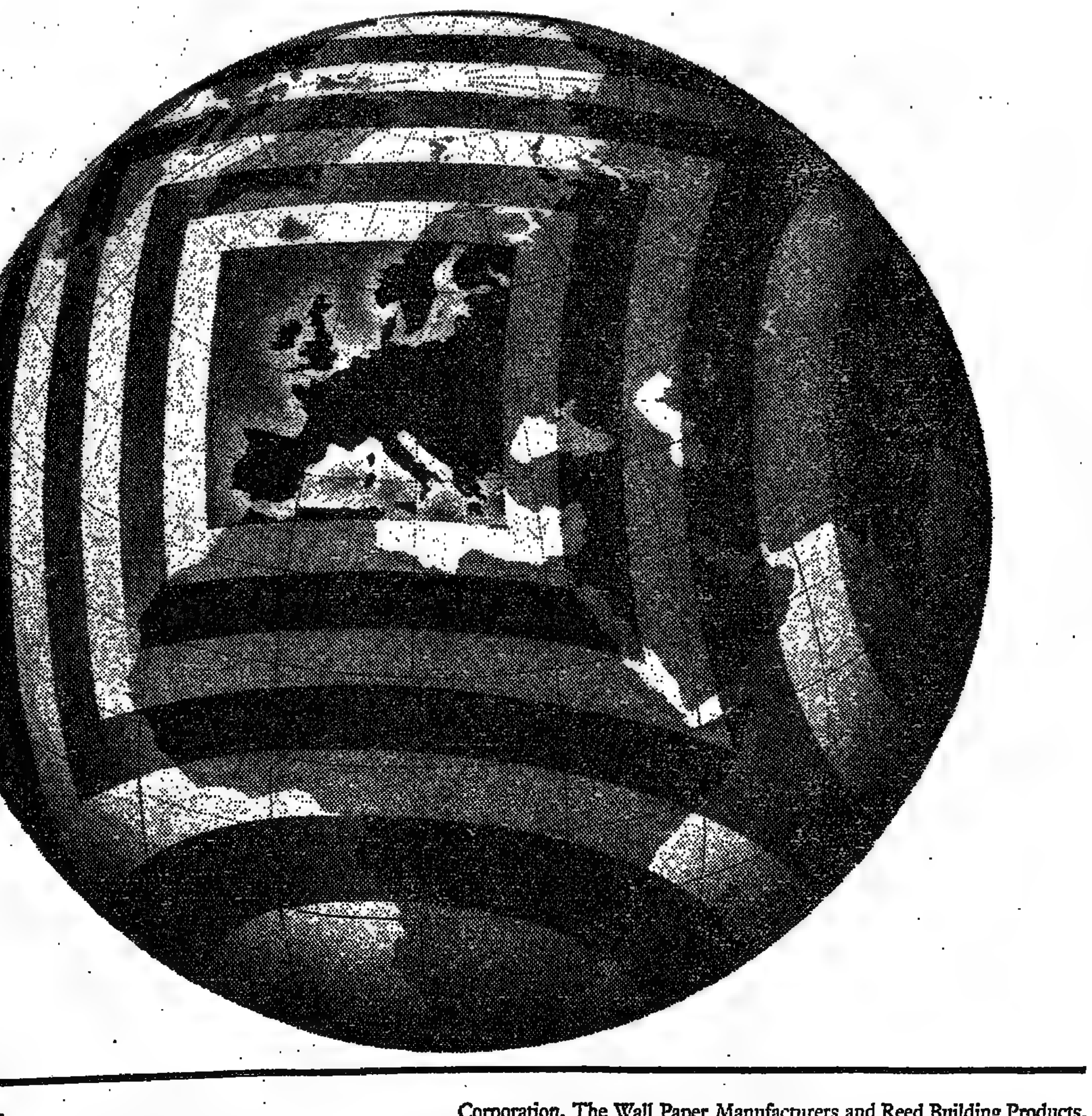
It is this process of strengthening the Company's operational base rather than the present, somewhat uncertain, progress towards economic recovery that gives me confidence in the current financial year since the continuing lack of buoyancy in most of the countries in which we operate suggests a slower up-swing in the cycle, and a slower reduction in inflation, than has been expected in some quarters.

Inflation

This is particularly true of the UK. I stated in last year's Annual Report that major corrective action against inflation 'must be the top national priority and nothing should be allowed to stand in its way'. Since then, the Government has started to tackle the two root causes of the problem, escalating incomes and public expenditure. The first phase of the incomes policy has been an undoubted success. It is to be hoped that the proposed second phase will be too. But while acknowledging the efforts made by the Government and the TUC, it has to be said that we should never have allowed ourselves to get into so terrifying a position in the first place. This lesson needs to be fully learned if we are to safeguard the success of the second phase of the incomes policy and to lay sound foundations for what follows in the summer of 1977. It is continuing doubts overseas about whether we have learned this lesson that are the source of the continuing and damaging depreciation of sterling.

Allied to this is grave concern over the level of national and local government expenditure with its accompanying burden of taxation and debt. Industry – whether privately or publicly owned and on which the creation of the country's wealth and support of its social fabric depends – is having to reassess its priorities and improve its effectiveness in trying to meet them. The same should be true of public expenditure. It is irresponsible to suggest – as some do – that, in saying this, producers such as ourselves are less in favour of a compassionate society than those who are forever talking about it. Their compassion is only given effect by our affluence and it is time that this, and the vital contribution made to it by management, was fully recognised and endorsed by Government.

I would like to thank all the Company's employees for the way they have performed during a most difficult year and express my confidence in the outcome of their continued efforts this year.



Financial Highlights	1976 £m.	1975 £m.
Sales United Kingdom	647	613
Sales Overseas	416	356
Sales Total	1,063	969
Trading Profit	50	88
Share of Profits of Associated Companies	11	14
Interest Payable (net)	24	17
Profit before Taxation	37	85
Profit after Taxation	16	45
Profit attributable to Ordinary Shareholders	13	41
Capital Employed	737	627
Capital Expenditure	54	39
Earnings per Ordinary Share	14.3p	45.4p
Dividends per Ordinary Share: Amount paid	11.1p	10.3p
With tax credit	17.0p	15.6p
	Thousands	
Shareholders	79	84
Employees	87	83

Analysis of sales and trading profit	Sales 1976 £m.	%	Trading Profit 1976 £m.	%
United Kingdom Companies				
Building products	30.6	3	0.6	1
Decorative products	151.1	12	5.4	11
Paper & paper products	305.3	25	-13.7	27
Publishing and printing	275.3	23	9.0	18
Total UK	762.3	63	28.7	57
Overseas Companies				
North America				
Decorative products	40.2	3	(2.2)	(4)
Paper & paper products	162.2	13	13.0	26
Total	202.4	16	10.8	22
Australia				
Paper & paper products	51.5	4	3.0	6
Other activities	58.8	5	2.7	5
Total	110.3	9	5.7	11
Other countries				
Paper & paper products	69.9	6	0.3	1
Other activities	72.9	6	4.8	9
Total	142.8	12	5.1	10
Total overseas	455.5	37	21.6	43
Total sales	1,217.8	100		
Less inter-company sales	154.2			
Total Sales excluding inter-company sales	1,063.6			
Total Trading Profit			50.3	100

Annual Report and Accounts If you would like a copy, please write to the Secretary, Reed International Limited, Reed House, Piccadilly, London W1A 1EJ.

Principal activities

Reed International Limited is an international company based in the United Kingdom holding world-wide interests and investments in some 40 countries.

The principal activities of the companies within Reed International are pulp and lumber, paper and board, packaging and stationery manufacturing and conversion; the production and marketing of decorative products including wallcoverings, paint, textiles, furnishing fabrics and carpets, and 'do-it-yourself' products; the printing and publishing of newspapers, consumer and business magazines, books, business directories, and general printing; and the manufacturing and marketing of building products including plastic pipes, guttering and fittings, pitch fibre pipes, irrigation products, baths, ceramic sanitaryware and tiles.

The companies carrying on these activities in Europe are grouped into five divisions—Reed Group, Mirror Group Newspapers, International Publishing Corporation, The Wall Paper Manufacturers and Reed Building Products. The names of some of its companies, brands and publication titles that are particularly well known to the public in the UK include Crown (paint and wallcoverings), Sanderson (fabrics and wallcoverings), Polycell (handyman and DIY products), Thomson Shepherd (carpets), Twyfords (ceramic sanitaryware), Plus Fabric (stationery and printing paper), Hamlyns (books), Butterworths (legal publications) and Daily Mirror, Sunday Mirror, Sunday People, Woman, Woman's Own, Woman's Realm, Woman's Weekly, Woman and Home, Ideal Home, Homes and Gardens and Country Life (newspapers and magazines).

Outside Europe, the companies engaged in these activities are mainly grouped into three further divisions—Reed Consolidated Industries, Reed Paper and Reed Corporation—based on operations in Australia, Canada and South Africa respectively, shares in the holding companies of the first two divisions being publicly quoted in their respective countries.

From Brussels **David Curry** reports on a new political phenomenon

Birth of the Europarties

CHRISTIAN DEMOCRAT parties of the EEC have taken the first steps towards creating a common front to fight the direct elections to the European Parliament. Parties from every Community country except Britain and Denmark have agreed to establish a European People's Party whose first president will be the Belgian prime minister, Mr. Leo Tindemans. The fact that at a late stage of its constituent meeting it decided to leave the way open for changes to its statutes in two or three years is taken as a hint that after the first elections it will expand beyond the Christian Democrats to bring in other parties—with the British Conservatives obvious eventual candidates.

There are two reasons why the Conservatives are not founder members of the federation: first they are not ready to join, and they would not be welcome at this stage. There is nothing Conservatives would quarrel with in the general declaration of principles which broadly subscribes to the ideals of individual freedom within a pluralist society. But the European People's Party is explicitly federalist in aim. One of its aims is "to participate in and support the process of European integration and co-operate in the transformation of Europe into a European union with a view to achieving a federal union." That is in stark contrast to the chorus of Tory opinion which greeted the referendum result with the assertion that it was not a vote for a federal Europe.

There is not a great deal of spontaneous affection between the Conservatives and some of the Continental parties. The Belgians have always held deep suspicions of the name "conservative" and of Tory attitudes to trades unions, while the Italians are anxious to prove that their heart beats somewhere left of Bakunin, and want no conservative contamination. The Dutch regard conservative pragmatism as being disagreeably godless, while neither Irish party would wish to have too close links with British politics.

Isolation

In their period in Europe the Conservatives have not shown much collaborative enthusiasm. In the European Parliament they have formed their own group and sit in splendid isolation with a solitary Danish Conservative. Originally they had counted on Norwegian members joining the group, but Norway stayed out. While it is generally acknowledged that the Conservatives have played an important and leading role in exploiting more fully the power of the parliament and making it a much weightier institution, they have been shy of forming political alliances.

It would be wrong to paint an entirely black picture. Recently within the European Parliament for the first time individuals have spoken on (admittedly minor) issues representing jointly the CDs and Conservative groups, and there are effective working relationships between individuals in the various centre-right groups, including the Conservatives.

It is also noticeable that the German Christian Democrats, who are really funding the People's Party, have little objection in principle as a party to collaboration with the Conservatives. Moreover, Mr. Douglas Hurd, Tory front bench spokesman on European affairs, dropped a broad hint last month that after direct elections were out of the way the Tories could look very closely at joining the People's Party.

The size of the welcome mat would obviously depend on the performance of the Tories in the elections. The People's Party at the moment represents some 35m. voters or about 25 per cent. of the EEC electorate (against 44m. or 31 per cent. for the Socialists), and it would clearly help to redress the balance to have British Conservative, French Gaullist and Danish centre-right votes in the bag as well.

The Giscardians might also be considered as members though at present they are the leading component of the liberal group in the European Parliament and attended the Stutigart summit of European Liberal Parties as observers in March.

It is reckoned that President Valéry Giscard d'Estaing may be awaiting the results of the German elections before jumping. He is in some difficulties because the main components of his majority now have three different European affiliations. Apart from his own party with its faint liberal loyalties, the Gaullists sit in the European Parliament with the Irish Fianna Fail, forming a curious hybrid called the Group of Progressive European Democrats while M. Jean Lecanuet's band of Centrists are now People's Party members.

In the end the Giscardians and the Gaullists are likely to fight the European election in their own colours without benefit of a European label.

The People's Party will operate through a congress laying down broad policy, a political bureau vested with the real detailed decision-making power, an executive committee, and, of course the present president. It is not open to individual membership, but remains a federation of parties. Votes in the governing bodies are allocated according to strength of representation in the European Parliament.

On the European rather than the purely community front the Conservative and Christian Democrat parties are variously members of two organisations. The first is a Christian Democrat organisation with a membership drawn from the EEC and Austria, Spain, Malta, Portugal, Switzerland, and even, San Marino. The People's Party has drawn its philosophy broadly from this organisation.

The second is the European Democrat Union, an initiative yet again of the German Christian Democrats, who wanted to complement the People's Party by a wider, looser affiliation embracing parties outside the Christian Democrat groupings.

The British Conservatives are relatively enthusiastic about the venture partly because they hope it will enable non-EEC countries to exert some influence on the European Parliament. In addition, the focus of the group is on foreign policy with domestic policy left very much in national parishes. It will be set up with a congress, political committee, and executive bureau.

Socialist

It is the Socialists who, at first sight, have the easiest task in forging a common policy. The Confederation of Socialist Parties of the EEC dates from 1957 and is a regional grouping of the Socialist International. The Socialists are easily the most coherent group in the European Parliament with their 66 seats, and the Socialist Parties in the EEC have common ideological and philosophical roots which do not exist for the conservative parties. Yet the Socialists are far from monolithic and face a seriously disruptive issue in defining their attitudes to Italian Communism.

The British Labour Party joined the confederation after the referendum, but its active participation is blunted by strong residual hostility to the EEC and in particular to direct elections among the Labour Left.

The Socialist Federation intends to produce a loose election platform covering economic affairs, social questions, foreign policy and institutions (which is being prepared by the Dutch Socialist, Mr. Shelto Patijn, who was the prime mover behind the proposals for direct elections) but it is not intended to try to create any formal European Socialist or social democratic party.

On the Liberal side of the fence, a federation of Liberal and Democratic parties was set up in Stuttgart in March with the mandatory Benelux politician (in this case the ubiquitous Mr. Gaston Thorn of Luxembourg) as president. Once again the motor is German—in this case the Free Democrats. The Christian-Democrat and Conservative parties may have differences of philosophy, but in the case of the Liberal federation the gap is yawning. A number of Continental Liberal parties belong firmly to the right of the political spectrum (for example, the Belgian Liberals) while the British Liberals find the Giscardians uncomfortably conservative.

The attempts to form European federations are of necessity hard going. But the distance they have come illustrates a very important point: that it will be very difficult for governments not to reach agreement in time to allow direct elections to proceed in 1978 as planned. Below the cabinet level surface, there is a head of steam building up.

Man is a meat eating animal

Borthwicks is now the brand leader in chilled beef in Japan

This trading achievement is an example of the way this British firm has expanded since Thomas Borthwick founded it in Liverpool in 1863.

Today Borthwicks is one of the world's largest international processors, marketers and wholesale traders of meat and its associated products: turnover exceeds £200 million a year, in global sales.

The group's total assets are more than £75 million of which 70% are in Australia and New Zealand, 20% in the UK and 10% in the USA.

Borthwicks has been the largest importer of frozen lamb into Britain for many years. In addition, the policy of constantly adapting to world trading conditions has led to expansion elsewhere—for example, not only in Japan, but also in the USA, where last year Borthwicks was the largest importer of meat, and in the Middle East where Borthwicks supplies more imported frozen lamb than any other company.

The increasing importance of by-products has also added to the scope of Borthwicks operations. With wool, hides, skins, tallows, fats and oils, Borthwicks supplies basic materials for a wide range of products from high fashion clothing to shoes and from chemicals to life-saving drugs such as insulin and heparin.

Borthwicks has grown out of all recognition since its early days in Liverpool; it continues to expand and diversify still further. The opportunities are there: man is a meat eating animal; his appetite never slackens.

Borthwicks

MEAT TRADERS TO THE WORLD

Thomas Borthwick & Sons Limited, Priory House, St John's Lane, London EC1.

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Landsit cautious on development activity

IN HIS annual report, the chairman of Land Securities Investment Trust, Lord Samuel of Wych Cross says the Board is confident in the long-term future of the group, but is extremely cautious regarding a return to development activity in view of the present high construction costs, high finance costs and "the restrictive effects of prevailing legislation."

As reported on June 17, income from completed properties before tax was £17.57m. (£15.58m.) for the year to March 31, 1976. The dividend is 4.322p (3.975p) net.

In view of the depressed state of the letting market and the effect of the change in the composition of the net outgoings attributable to development properties, the results were encouraging, Lord Samuel tells members. Although there has been an increase in inquiries for office space since the year end it is difficult to gauge the short-term outlook, he reports. The future level of rental income will depend upon the buoyancy of the letting market where reversions and renewals are concerned and also when developments are ready for occupation.

The decline in sterling has increased the interest cost of the US dollar borrowing and will add to the cost of repayment. This borrowing, which has no provision for repayment before February, 1979, was taken out at a time when it was neither possible to borrow sterling nor to sell properties but when it was essential to procure finance to fund the immediate requirements of the development programme, the chairman explains.

The group by funding the development programme through the property sales does not require additional short-term borrowing and as its established borrowings are at fixed interest rates it is thus shielded from the consequences of variations in market rates of interest, he adds.

The considerable reduction expected in the cost of the development portfolio is not evident due to delays in the physical completion of projects. Difficulties in the market preventing newly completed developments being let as quickly as anticipated and because through accelerating the revitalisation programme the aggregate costs at the year end are higher than expected.

During the period no new development work was commissioned by any of the group companies.

Lord Samuel points out that a decision on the potential of any development situation can only be taken when exhaustive studies have been completed. A number of studies were completed towards the end of the period which resulted in the decision not to develop certain property for the time being. The Board therefore concluded that these should be reclassified as investment properties with effect from April 1, 1975 and that the attribution of interest on their costs should cease from that date.

With the conditions prevailing in the long-term finance market the Board has maintained its policy of selling completed properties to finance the main part of the cost of the development programme. Since this policy was adopted there have been 29 sales and part disposals which, subject to costs of disposal and to taxation on capital gains, have realised £102.3m. The sales have been completed on an average net yield of some 7.5 per cent. At March 31, 1976, terms had been agreed but no contracts had been exchanged in respect of a further 12 sales which on completion will produce £25.7m.

The cash realised by the sales and the rights issue has enabled a substantial reduction in short-term borrowings through the repayment of both the £25m. bank loan and the overdraft which at March 31, 1975 was over £13m. and has left the group with cash resources at the year end of nearly £45m.

Meeting, Devonshire House, W., on July 22 at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's time-table.

TO-DAY

Interims:—Kenning Motor.

Finals:—Avana Group, British Cotton and Wool Dyers Association, Brown Boveri Kent, Electrocomponents, Thomas Hardman, J. and H. B. Jackson, L.C.P., Morgan Grampian, William Reed, Saint Piran, Standard Chartered Bank, R. W. Toothill.

FUTURE DATES

Interims:—

Birmingham Pallet	July 7
Dewhurst and Partner	July 16
Dunford and Elliott	June 30
Tribune Investment Trust	July 8

Finals:—

Carlton Industries	July 1
East Asiatic Rubber Estates	June 30
General Engineering Co. Radcliffe	July 1
Goldrine	June 30
Inchcape	July 29
Lennons	June 30
Mole (M.)	July 2
Sekers International	July 8
Sutcliffe Speakman	July 5
Waddington (J.)	July 7

Cronite falls sharply

FOR the six months to March 31, 1976, profits of Cronite Group fell from £203,000 to £108,000 subject to tax of £55,000 (£106,000). The total for last year was £298,341.

The interim dividend is maintained at 0.73127p net. In 1974-75, the total payout was 2.41875p.

At the AGM in February, the chairman, Mr. K. F. Ward, told members that though it was still too early to forecast current year profits, and while it remained to be seen whether there would be a sustained improvement in short term demand, directors believed they had seen the bottom of the recession.

Emray near £200,000 profit rise

AN INCREASE in profits from £454,115 to £648,769 for 1975 is reported by Emray, which trades in Zambia as importers and distributors of motor vehicles and office equipment.

For the first half there was an increase of £95,000. The directors warned that more stringent price control and severe import restrictions would retard progress in the last quarter and into 1976.

Turnover rose to £3.72m. (£2.28m.). After tax £309,085 (£229,024) net profit came out at £339,684 (£225,091). The amount attributable to the holding company was £216,289 (£142,138) and earnings 2.53p (1.67p) per 5p share.

First half fall by Ashdown

Pre-tax revenue of Ashdown Investment Trust slipped from £270,500 to £249,743 for the six months to May 31, 1976. The figure for the year to last November was £315,280.

The interim dividend is lifted from 0.95p to 1p net per 25p share. Last year's final payment was 2.1p.

Total net assets were £19.18m. compared with £17.07 at November 30, 1975. The net asset value per share is given as 132½p (143p), or 151½p (143p) fully diluted, including the investment currency premium of 21½p (28½).

	Six months 1975-76 £	1974-75 £
Revenue before tax*	249,734	270,500
Overseas tax	10,887	7,726
U.K. Corpn. tax credit	5,824	*21,408
Tax on franked income	84,013	72,151
Preference dividend	4,286	4,286
Available for Ordinary	156,390	164,925
Interim dividend	84,812	90,122

* Charge. · Includes income from dividends and interest of £575,000 (£263,080) and underwriting commissions £6,094 (£3,456).

Reed's base strengthened

THE YEAR to March 31, 1976 was a difficult one for Reed International, but it was marked by major developments that will strengthen the operational basis for the future, says the chairman, Mr. A. A. Jarratt.

Investment continued in new plant, equipment and factories and new technology was introduced into Mirror Group Newspapers. Capital expenditure increased from £30m. to £54m., and year end commitments were £100.6m. (£47.1m.) of which contracts totalling £17m. (£22.3m.) have been placed.

As reported on May 26 group pre-tax profit decreased from £85m. to £37m. and earnings per share were down from 45p to 14p. On a CPP basis profit is shown at £25m. (£104m.) and earnings at 1p (57p).

Publishing activities remained buoyant despite reduced circulations and a generally depressed advertising market.

Mr. Jarratt reports that a major advance was made in packaging—one of the company's most successful activities.

He also points out that the directors have committed themselves to a higher level of performance throughout the company.

The process of strengthening the operational base rather than the present, somewhat uncertain, progress towards economic recovery "that gives me confidence in the current financial year," the chairman declares.

There is a payment of £60,000 (£50,000) on retirement to an executive director.

As known Mr. H. W. Broad, deputy chairman, will be retiring on July 31.

Meeting 20, Aldermanbury, E.C., July 20, noon.

Chairman's statement Page 29
See Lex

Electra Trust policy

REFERRING to the intention that the Electra Investment Trust's portfolio should contain a substantial proportion of unquoted investments, Mr. A. F. Roger, chairman, stresses that these interests would be in well-established companies, many of which would already have been quoted but for uncertain stock market conditions.

These investments will normally produce a high running yield and will give the trust, either immediately or eventually, an equity stake in the company. There are many substantial businesses in the U.K. which need a long-term investor, and Mr. Roger feels sure that good investment opportunities will arise from these circumstances.

Through its international contacts and particularly through its connection with the Oppenheimer Group of New York, the trust is being offered minority interests in foreign unquoted companies.

Mr. Roger emphasises that the Board is very conscious of the importance of maintaining a progressive record of dividend payments.

Electra Group Services, which provides the trust with administrative and investment management services and in which the trust has a 17½ per cent. stake, is in course of acquiring minority interests in investment management companies throughout the world.

As reported with net asset values earnings, before tax, increased from £2.5m. to £3.21m. in the year to March 31, 1976.

Meeting, Electra House, Victoria Embankment, July 20, at 2.15 p.m.

Chairman's statement Page 26

£136,000 from Polly Peck

The reconstructed Polly Peck reports pre-tax profits of £136,000 for the year to March 10, 1976 against £102,000 last time. Turnover declined from £1.90m. to £1.78m.

Tax was £2,000 (£4,000) and there was an extraordinary debit of £859,000 (£282,000).

As announced at the time of the reconstruction in April, the company is not paying a dividend. The last payment was an interim of 0.175p net in 1974-75.

Stock Exchange listing of the shares, suspended in March, was restored on April 12.

BISHOPSGATE PROPERTY

Until further notice, Bishopsgate Property and General Investments intends to purchase through the Stock Exchange amounts of its 5¾ per cent. Debenture stock 1983-88.

The purchase price is expected to vary from day to day, but in the absence of unforeseen circumstances, would be substantially in excess of the recent market prices

Norwest Holst

Results 1975/76

The Directors of Norwest Holst Limited announce the Group's preliminary results for the year ended 31st March 1976 and their ordinary dividend proposals. The results are subject to audit.

	Year to 31st March 1976 £000	1975 £000
Turnover	66,190	59,452
Group profit before Interest, Taxation and Extraordinary Profits	3,293	(2,318)
Interest Charges	981	1,552
Group Profit before Taxation and Extraordinary Profits	2,312	(3,870)
Provision for Taxation @ 52%	1,453	(756)
Group Profit before Extraordinary Profits	859	(3,114)
Profit attributable to Minority Interests	78	(26)
Profit before Extraordinary Profits	781	(3,088)
Extraordinary Profits	152	(792)
Profit attributable to Ordinary Shareholders	933	(3,880)
Proposed Ordinary Dividend	225	78
Retained Profit	708	(3,958)
Earnings per share—basic	8.8p	(34.7p)
fully diluted	7.5p	(24.0p)

The Final Ordinary Dividend of 2.5285p per share will be proposed by the Directors at the Annual General Meeting to be held on Tuesday 7th September 1976.

- **Record Profits over £2 M.**
- **Group Borrowings, net of short term deposits, reduced from £12.5 M to £4.2 M.**
- **Fully restored dividend over four times covered.**
- **Sustained flow of new orders.**
- **Confidence of continued growth.**

Norwest Holst

Norwest Holst Limited
35 Chesham Place London SW1X 8HB
Telephone: 01-235 9951 Telex: 917047

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on June 28, 1976. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/c) exchange certificate rate; (P) based on U.S. dollar parities and going sterling-dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afars & Issas	Djibouti Franc	285(sg)
Afghanistan	Afghani	86(A) (O)10.10(A)
Albania	Lek	(nu)
Algeria	Dinar	7.20
Andorra	French Franc	8.42¼
	Spanish peseta	120.50
Angola	Angola Escudo	55.80
Antigua (S)	E. Caribbean	4.80
Argentina	Ar. Peso	(O)248.46
Australia (S)	Australian $	1.4574
Austria	Schilling	32.75
Azores	Portug. Escudo	55.80
Bahamas (S)	Ba. Dollar	1.7734
Bangladesh (S)	Taka	26.50(sg)
Bahrain (S)	Dinar	0.698
Balearic Is.	Spa. Peseta	120.50
Barbados (S)	Barbados $	3.5528
Belgium	B. Franc	(cm)70.55 (fn)70.70
Belize	B$	3.5451
Benin	C.F.A. Franc	421¼
Bermuda (S)	Bda. $	1.7745
Bhutan	Indian Rupee	16.275
Bolivia	Bolivian Peso	35.46
Botswana (S)	S. A. Rand	1.5248
Brazil	Cruzeiro	19.10
Br. Virgin Is. (S)	Australian $	1.4574
Virgin Is. (S)	U.S. $	1.7745
Brunei (S)	Brunei $	4.3885
Bulgaria	Lev	1.7558
Burma	Kyat	11.90
Burundi	Burundi Franc	160.0
Cambodia	Riel	n.a.
Cameroon Rp	C.F.A. Franc	421¼
Canada	Canadian $	1.7196
Canary Is.	Spanish Peseta	120.50
Cape Verde Is.	Cape V Escudo	55.80
Cayman Is. (S)	Cay. I. $	1.4882
Cent. Af. Rp.	C.F.A. Franc	421¼
Chad	C.F.A. Franc	421¼
Chile	C. Peso	(Bk) 24.85
China	Renminbi Yuan	3.4799
Colombia	C. Peso	(F) 61.64
Comoro Is.	C.F.A. Franc	421¼
Congo (B'ville)	C.F.A. Franc	421¼
Costa Rica	Colon	15.2607
Cuba	Cuban Peso	1.4681
Cyprus (S)	Cyprus £	0.7356
Czechoslovakia	Koruna	(com) 10.25 (n/c) 20.40 (T) 17.65
Denmark	Danish Krona	10.90
Dominica (S)	E. Caribbean $	4.80
Dominican Rep.	Dominican Peso	1.7745
Ecuador	Sucre	(O) 44.12 (F) 48.69
Egypt	Egyptian £	(O) 0.705 (T) 1.220
Ethiopia	Ethiopian $	(P) 3.6774
Eq'l Guinea	Peseta	120.50
Falkland Is. (S)	Falkland Is. £	1.0
Faroe Is.	Danish Krone	10.90
Fiji Is. (S)	Fiji $	1.5987
Finland	Markka	6.885
France	French Franc	8.42¼
French C'ty in Af.	C.F.A. Franc	421¼
French Guiana	Local Franc	8.42¼
French Pac. Is.	C.F.P. Franc	155.15
Gabon	C.F.A. Franc	421¼
Gambia (S)	Dalasi	4
Germany (East)	Ostmark	6(A)

Place and Local Unit		Value of £ Sterling
Germany West	Deutschemark	4.57½
Ghana (S)	Cedi	2.04
Gibraltar (K)	Gibraltar £	1.00
Gilbert & Ellice Is. (S)	Aust. Dollar	1.4474
Greece	Drachma	64.474
Greenland	Danish Kroner	10.90
Grenada (S)	E. Caribbean $	4.80
Guadaloupe	Local Franc	8.42¼
Guam	U.S. $	1.7745
Guatemala	Quetzal	1.7745
Guinea Rep.	Sily	n.a.
Guinea Bissau	♥♥	♥♥
Guyana (S)	Guyanese $	4.5288
Haiti	Gourde	8.8725
Honduras Rep	Lempira	3.549
Hong Kong (S)	H.K. $	8.7587
Hungary	Forint	(com) 77.15 (nc/T) 35.57
Iceland (S)	I. Krona	331.30
India (S)	Ind. Rupee	16.275
Indonesia	Rupiah	736.42
Iran	Rial	(A) 123
Iraq	Iraq Dinar	[illegible]
Irish Rep (K)	Irish £	1.00
Israel	Israel £	14.1125
Italy	Lira	1,494½
Ivory Coast	C.F.A. Franc	421¼
Jamaica (S)	Jamaica Dollar	1.6128
Japan	Yen	525½
Jordan (S)	Jor. Dinar	0.576(sg)
Kenya (S)	Ken. Shilling	14.83
Korea (Nth)	Won	n.a. (g)
Korea (Sth)	Won	857.82
Kuwait (S)	Kuwait Dinar	0.520(sg)
Laos	Kip	n.a.
Lebanon	Lebanese £	n.a.
Lesotho	S. African Rand	1.5248
Liberia	Liberian $	1.7740
Libya	Libyan Dinar	(P) 0.5255
Liechtenstein	Swiss Franc	4.57½
Luxembourg	Lux Franc	70.50
Macao	Pataca	12.7325
Madeira	Portug'se Escudo	55.80
Malagasy Rp.	MG Franc	421¼
Malawi (S)	Kwacha	1.6265
Malaysia (S)	Malaysian $	4.5085
Maldive Is. (S)	Mal Rupee	n.a.
Mali Rp.	Mali Franc	842.25
Malta (S)	Maltese £	0.7649
Martinique	Local Franc	8.42¼
Mauritania	Ouguiya	◆
Mauritius (S)	M. Rupee	12.5516
Mexico	Mexican Peso	22.15
Miquelon	C.F.A. Franc	421¼
Monaco	French Franc	8.42¼
Mongolia	Tugrik	(O) n.a. (g) (T) n.a.
Montserrat	E. Caribbean	4.80
Morocco	Dirham	7.72(sg)
Mozambique	Moz. Escudo	55.80
Nauru Is.	Aust. Dollar	1.4574
Nepal	Nepalese Rupee	24.40
Netherland	Guilder	4.86
Neth. Antilles	Antillian Guild	3.17635
New Hebrides	Franc	136.12
	Aust. Dollar	1.4574
N. Zealand (S)	N.Z. Dollar	1.7916
Nicaragua	Cordoba	12.46
Niger Rp.	C.F.A. Franc	421¼
Nigeria (S)	Naira	1.1395(sg)
Norway	Norg. Krone	9.89¼
Oman Sultanate of (S)	Rial Omani	0.610
Pakistan	Pkst. Rupee	17.25(sg)
Panama	Balboa	1.7745
Panama Canal Zone	U.S. $	1.7745
Papua N.G. (S)	Kina	1.4574

Place and Local Unit		Value of £ Sterling
Paraguay	Guarani	221.59
Pp'ls D. Rp. of Yemen (S)	S. Yemen Dinar	(A) 0.60
Peru	Sol	exc(A) 115.51(h)
Philippines	Ph. Peso	12.95
Pitcairn Is. (S)	£ Sterling	—
	New Zealand $	1.7916
Poland	Zloty	(B) 54.55 (T) 59.10
Portugal	Port Escudo	55.80
Port Timor	Timor Escudo	55.80
Principe Isle.	♥♥	♥♥
Puerto Rico	U.S. $	1.7745
Qatar (S)	Qatar Ryal	6.99
Reunion Ile de la	French Franc	8.42¼
Rhodesia	Pound *	n.a.
Roumania	Leu	(cm) 8.60 (nc/T) 21.25
Rwanda	Rwanda Franc	164.2
St. Christopher (S)	E. Caribbean $	4.80
St. Helena (S)	£ Sterling	
St. Lucia (S)	E. Caribbean $	4.80
St. Pierre	C.F.A. Franc	421¼
St. Vincent (S)	E. Caribbean $	4.80
Salvador El	Colon	4.45
Samoa (Am.)	U.S. $	1.7745
San Marino	Italian Lira	1,494½
Sao Tome	♥♥	♥♥
Saudi Arabia	Ryal	6.24
Senegal	C.F.A. Franc	421¼
Seychelles	S. Rupee	13.55
Sierra Leone (S)	Leone	2.0
Singapore (S)	Singapore $	4.3852
Somali Rep	Som Shilling	(A) 10.48(sg)
Sth. Africa (S)	Rand	1.5248
S. W. Africa Territories (S)	S. A. Rand	1.5248
Spain	Peseta	(h) 120.50
Span. Ports in North Africa	Peseta	120.50
Sri Lanka (S)	S. L. Rupee	15.208(sg)●●
Sudan Rp.	Sudan £	(A) 0.560(sg)
Surinam	S. Guilder	3.17635
Swaziland (S)	Lilangeni	1.5248
Sweden	S. Krona	7.80¼
Switzerland	Swiss Franc	4.57½
Syria	Syria £	(A) 6.78(sg)
Taiwan	New Taiwan $	(P) 67.451
Tanzania (S)	Tan. Shilling	15.185
Thailand	Baht	36.505
Togo Rp.	C.F.A. Franc	421¼
Tonga Is. (S)	Pa'anga	1.3456
Trinidad (S)	Trin. & Tobago	4.2698
Tunisia	Tunisian Dinar	0.745(sg)
Turkey	Turkish Lira	29.30(bg)
Turks & Caicos	U.S. $	1.7745
Uganda (S)	Ug. Shilling	14.65
Utd. States	U.S. Dollar	1.7745
Uruguay	Uruguay Peso	(cm) 5.74 (fn) 6.45
Utd. Ab. Emirates	U.A.E. Dirham	7.00
U.S.S.R.	Rouble	1.35
Upper Volta	C.F.A. Franc	421¼
Vatican	Italian Lira	1,494½
Venezuela	Bolivar	7.60(s)
Vietnam (Nth)	Dong	(O) n.a.(g) (T) n.a.(g)
Vietnam (Sth)	Piastre	n.a.
Virgin Is. U.S.	U.S. Dollar	1.7745
Western Samoa (S)	Samoan Tala	1.05886
Yemen	Ryal	7.98(sg)
Yugoslavia	New Y Dinar	32.2522
Zaire Rp.	Zaire	1.545241
Zambia (S)	Kwacha	1.1407

That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.

Rupees per pound. Tourists visiting Sri Lanka receive a premium of 65 per cent.

A decimal currency for the dollar, equal to 10 Rhodesian shillings was introduced by the Independent Regime on February 17, 1970. Recent reports suggest a rate of about 1.112 Rh. dollars to £1.

The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Frs. 5 to one unit of the new currency.

General rates oil and iron exports 7.4529

(g) The Mongolian tugrik has lately been reported to stand at an official commercial rate of 0.323 Russian roubles, the North Vietnamese dong at 0.306 roubles, and the North Korean won at 0.7493 roubles. With the pound standing at 1.33 roubles the following relationships could be calculated for the pound: £=5.91 tugriks; £=4.35 dongs; £=17.75 won.

♥♥ Information not available for this edition.
* Rate is the Transfer market (controlled).
** Rate now based on 2 Barbados $ to the dollar.
BCRA 442.61.
† Now one official rate.
(h) Following devaluation.

HOW WE FACED LAST YEAR'S RECESSION.

If you look at our annual report, you'll see for yourself that we didn't bury our head in the sand.

We upped our UK profits by 16% and made £2,262,000 (1974–£2,773,000) overall before tax.

Not as much as we would like to have made of course.

But not bad considering the previous year's figures had been buoyed by the highest commodity prices for many years.

This year's result confirms the sense of going into palm oil, which netted over 70% of our Malaysian profit.

Perhaps, however, the most significant happenings of '75 run deeper than figures.

We made big changes within the Group.

For instance, we disposed of a number of activities where profit records were below our requirements.

Then we brought together all the companies involved with consumer markets and organised them in a single division.

We also restructured our Instrument Division.

Total sales increased, but its full potential is yet to show.

When we came across a concern that would extend our effectiveness we acted promptly.

We bought Skinners, a small but attractive electro-platers for Imhof-Bedco.

We took a lease on the assets of Gerard SA, the French equivalent of our specialist sheet metal fabricators.

We extended our interests in North America by taking shares in Baird Atomic Inc. of Bedford, Massachusetts, USA.

Then we developed what we had.

We increased the exports of our tape recording heads to 80% of production.

We are proposing the maximum dividend (1.7732p per share) allowed.

Not a bad year for a bad year.

Yet a great one for organisation.

The results of which are already becoming apparent.

In the first quarter of '76 our profits are more than double the '75 figures.

But why not cast your eagle eyes over our '75 report for yourself.

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Paris presses for major Alsthom/ CEM agreement

BY RUPERT CORNWELL — PARIS, June 28.

THE FRENCH Government is exerting strong pressure for a farreaching agreement between Alsthom and Compagnie Electro-Mecanique (CEM)—a step that would amount to the last act in the reorganisation of the country's civil nuclear industry.

Detailed negotiations are at the moment in progress and to predict their outcome is impossible. However, in addition to the support of the authorities here, such a deal has the explicit backing of M. Ambroise Roux, president of Cie Generale d'Electricite (CGE), parent of Alsthom and which will still hold a third of the enlarged capital of its subsidiary when it merges this year with the diversifying shipbuilding group Chantiers de l'Atlantique.

At present both Alsthom and CEM are suppliers of the turbo-alternators for power stations ordered by EDF, the state-owned electricity utility.

However, since last summer's choice of a single reactor supplier—in the shape of Creusot-Loire's Framatome off-shoot with the Westinghouse PWR technique—it is increasingly argued in Paris that one national manufacturer of alternators is enough, especially since France's ambitious nuclear equipment programme is, if anything, likely to be reduced rather than expanded.

The idea of such a link has been germinating for some while, but the impetus has come from the need of EDF to place orders for the eight groups of 1,300 MW turbo-alternators for stations due to become operational in 1981 and 1982.

In the eyes of the government, not the least of the strategic advantages of an agreement would be to create a second major nuclear supplier to provide a counterweight to Creusot-Loire and Framatome. These are both controlled by Baron Edouard Empain's Empain - Schneider group and are already in command of the power station and fast breeder programmes chosen by Paris.

However there are sizeable hurdles to be overcome before the scheme can be translated into reality. In the first place it is widely considered that EDF itself is anxious to keep two manufacturers operating side by side to find which is the best available system.

Secondly there is the question of the reaction of CEM's parent, the Swiss-based multinational Brown Boveri. It is understood that Paris is insisting on a financial aspect to the agreement, but it remains to be seen how Brown Brothers would feel about joining Westinghouse, Honeywell, and ITT, the select group of companies obliged to give up control of French subsidiaries in the over-riding interest of national industrial policy.

Finally CEM itself, which has an industrial agreement with Creusot-Loire is almost certain to be very wary about the proposals, unless the terms are those it wants. Some talk has surfaced here that M. Roland Koch, CEM's president might be designated as head of a new group, but this for the moment is pure speculation.

Japan maintains stake in Brazilian steel firm

TOKYO, June 28.

NIPPON Usiminas has announced that Japanese shareholders will put up about 18 per cent. of new shares in Brazil's Usinas Siderurgicas de Minas Gerais SA (Usiminas) issue to maintain their present 18 per cent stake in the Brazilian steel firm.

Nippon Usiminas, which represents Japanese investors in the Brazilian firm, said the agreement was signed between the Japanese firm and visiting representatives of Siderbras and Banco Nacional do Desenvolvimento Economic, both major Brazilian shareholders of the steel firm.

Usiminas is due to increase its capital by Crs.1m. from the present Crs.1.7m. to provide funds for the expansion of capacity.

Nippon Usiminas said the proposed capital increase will be made in two stages, the first increase of Crs. 508m. in August and the second of Crs. 525m. in September. — Reuter

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Incorporated in The Republic of South Africa

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This announcement appears as a matter of record only.

Jardine buys into Middle East

BY PHILIP BOWRING IN HONG KONG AND BILL COCHRANE IN LONDON

THE JARDINE Matheson empire took its fourth major leap forward in less than four years to-day when it was announced that it is to spend not less than $US35m. in acquiring 25 per cent. of a Liberian-based Saudi Arabian - owned organisation known as Transport and Trading Company Incorporated (TTI). Though incorporated in Liberia, TTI's prime source of earnings is Saudi Arabia, with the remainder derived from the gulf region.

Family control

TTI is a relatively old-established trading company in Saudi Arabia, set up in 1947 by Sheikh Suliman Saleh Olayan who, with family interests, will continue to control it.

A further diversification move by Jardines had been expected ever since late last year when it announced its intention to raise $HK500m. via a convertible loan stock issue. But this acquisition came as a particular surprise. Though it is in Jardine's traditional trading field, it is both a minority interest and in a private company of which almost nothing is known to shareholders here, and under terms which also remain highly obscure.

The price actually paid for the TTI shareholding will be linked to the company's profits. But Jardine declined to reveal on what basis this will be calculated.

The majority of the initial 25 per cent. stake will be in new shares. Jardine's agreement with TTI will include a provision whereby Jardine's interest may be increased to 40 per cent. But chairman David Newbigging was not prepared to indicate what the conditions were under which such increase would take place. Nor was he prepared to indicate what level of earnings might be expected from the new acquisition. No dividend would be received in 1976. But he said that TTI would contribute to profits in 1977, after allowance for the interest charge on borrowings made to finance the acquisition.

Mr. D. K. Newbigging

This is, apparently, to be a medium term U.S. dollar loan, though terms have yet to be announced. Presumably Jardines have been able to demonstrate the wisdom of the TTI move to potential lenders.

Shareholders, meanwhile, will simply have to place their faith in the judgement of management and hope that the lack of information is a good omen, hiding some very handsome earnings from TTI's trading activities—and to hope that these activities will continue to prosper, helped by the name of Jardine and by the injection of new capital that the initial 25 per cent. stake in

In London, director and former Jardine chairman Mr. Henry Keswick said that the initial approach came from American Express, which has a small shareholding in TTI through one of its subsidiaries. He revealed that two-thirds of the initial 25 per cent. stake in TTI will be in new shares.

The cash injection into TTI will back up a fast build-up of trading volume. Mr. Keswick, too, could not be specific, but he noted that Jardine could boast a compound growth rate of 30 per cent. in earnings per share over the past decade. TTI, he said, had grown at a similar rate, but has the potential to go faster given the way business opportunities are developing in Saudi Arabia, and elsewhere in the Middle East.

Payout ratio

Jardine does not go in for equity accounting. But even taking just a dividend from TTI—this, admittedly, based on a high payout ratio which apparently forms part of the deal—he expects the TTI investment to produce a "much better" return on capital than Jardine's average 14 per cent. He also remarked that Jardine was not exactly short of liquid funds, especially with the second, HK$250m. tranche of last year's convertible issue due to be received by the company tomorrow, June 30.

Toyo export drive produces small profit

BY CHARLES SMITH — TOKYO, June 28.

TOYO KOGYO, the number three Japanese car manufacturer and pioneer of rotary-engined passenger cars, appears to have overcome some of the worst problems it was facing last year when there were doubts about its capacity to survive.

The company has reported a small pre-tax profit (Yen 1.46bn. or about £2.6m.) for the six months ending last April 30th. This compares with losses of Yen 17.3bn. in the previous six months and of Yen 11.1bn. in the six-month period ending April 1975.

The main elements in Toyo Kogyo's recovery were a 12 per cent. increase in sales (up from Yen 260.7bn. in the 1975 October business period to Yen 291.9bn.) and a series of economies and rationalisation measures which reduced costs by Yen 10bn. The sales recovery was achieved partly by switching emphasis to larger and more expensive cars and running down sales of smaller models. It also depended heavily on exports.

Toyo Kogyo sold a total of 349,604 vehicles in the six months to last April compared with sales of 334,586 in the previous six months. Within this total exports accounted for 221,594 units compared with 179,338 units in the previous six months. Domestic sales, in terms of units were down slightly in the last business term compared with the previous one.

The fastest export growth for Toyo Kogyo's rotary engined cars during the April business term was in Europe and the Middle East. Exports to Europe totalled 86,200 units during the six-month period compared with 50,700 units in the previous six months; shipments to the Middle East shot up to 24,438 units from 1,700 units in the six months ending last October. Exports accounted for 63 per cent. in unit terms of all the cars Toyo Kogyo sold during the April business term, a high figure even by the standards of Japanese motor manufacturers.

On the prospects for further recovery Toyo Kogyo says it is aiming to sell 365,000 vehicles during its current six-month business term but expects to remain heavily dependent on export markets—Western Europe and the Middle East in particular.

The company has ceased to have to sell property and shares in order to cover operating losses, as it was having to do during much of 1975. However, it remains heavily in debt to Japanese banks (approximately Y700bn. at present) and thus carries a heavy interest burden. The verdict would seem to be, therefore, that Kogyo still has quite a way to go before it can claim to have fully overcome its difficulties.

● Reuter adds: the President of Toyo Kogyo Kohei Matsuda, told a press conference his company has succeeded in developing an improved rotary engine that will meet Japan's proposed 1978 emission controls without sacrificing fuel economy.

The company is planning to put the new engine into production before the standards come into force in April, 1978.

He said the company developed the low-pollution rotary engine by improving the combustion space, the exhaust recirculation system and the thermal reactor.

Matsuda said the production cost of the improved engine will be almost unchanged from the present one, as the new engine can be manufactured at the existing plant.

Credit Suisse to raise capital by Sw.Frs.90m

ZURICH, June 28

SWISS CREDIT Bank plans to raise its capital by Sw.Frs.90m. to Sw.Frs.890m. partly to secure a proposed issue of convertible bonds or warrants on the Euromarket and partly to complete its acquisition of Credit Foncier Suisse, a major mortgage finance company.

The increase in capital will be handled in three stages. One involves raising the share capital by Sw.Frs.50m. through the issue at par of 100,000 bearer shares which will be held by the bank for securing conversion or option rights for a proposed issue of convertible bonds or warrants, probably on the Euromarket, the bank said. No details or timing of the proposed loan were given.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Australia 9½pc 1981	101	102
[illegible] 8pc 1987	96	97
[illegible] 8½pc 1987	90	91
ECSC [illegible] 1986	100½	101
EIB 9½pc 1985	100½	101
[illegible] 1986	98¼	99¼
ECS 8 pc 1986	101	102
EIB 9½pc 198[illegible]	102¼	103
[illegible] 9¼pc 1983	102	103
[illegible] 8pc 1987	100¼	101¼
[illegible]	100	100¼
[illegible] 9½pc 1987	101½	102
[illegible] 9¼pc 1982	103	103½
[illegible] 9 pc 1984	101	101½
[illegible] 9 pc 1981	101½	101½
Newfoundland [illegible]	103½	104
New Zealand 9 pc 1982	103¼	104½
[illegible] 1990	100	101½
Norsk Hydro [illegible] 1990	102¼	103
Oslo 9pc 1988	100	101½
Pacific Light [illegible] 1988	94½	95½
[illegible] 9pc 1980	101	101½
Scanraff [illegible]	100½	101
SKF 8pc 1986	101¼	102
Shell 8pc 1988	96¼	96¾
Standard Oil Ind. 8pc 1985	105	106
Svenska Handels 9pc 1984	101½	102½
Volvo 9½pc 1987	102½	103½
NOTES		
[illegible]	101½	102
[illegible]	100½	101
[illegible]	99	99
Denmark [illegible] 1981	101	101½
Denmark [illegible] 1980	100	101
ECS [illegible]	101	101½
[illegible]	100	100½
[illegible]	101	101½
Nippon Steel [illegible]	102½	103½
[illegible] 1981	102½	103½
[illegible] 1981	101	101½
Seagram [illegible]	102	103

Source: White Weld Securities

CONVERTIBLES	Bid	Offer
American Express 4¼pc 87	79	81
Ashland 5pc 1988	[illegible]	[illegible]
Beatrice Foods [illegible] 1992	[illegible]	[illegible]
Beatrice Foods 4½pc 1992	112	114
Borden 5pc 1992	95	96
Broadway Hale 4½pc 1987	73	75
[illegible] 1988	[illegible]	111
Carnation [illegible] 1988	78	80
Chevron 5pc 1988	115½	117½
Dart 4½pc 1987	75	77
Eastman Kodak [illegible] 1988	115	117
Economic Labs [illegible] 1987	75	77
Fed. Dept. Stores [illegible] 1985	109	111
Firestone 5pc 1988	88	90
Ford [illegible] 1988	80	[illegible]
Ford 5pc 1988	85	87
General Electric 4¼pc 1987	84	86
Gillette 4¾pc 1987	74	76
Gould 5pc 1987	95	97
Gulf and Western 5pc 1988	100	102
Harris 5pc 1992	87	89
Honeywell 6pc 1986	81	83
ITT 4½pc 1987	[illegible]	[illegible]
Komatsu 7½pc 1990	104	105½
J. Ray McDermott 4¾pc 1987	143	145
Mitsubishi Elec. 7½pc 1991	[illegible]	106
[illegible] 1990	101	103
J. P. Morgan 4¾pc 1987	117	119
[illegible] 1988	91	93
[illegible] 4½pc 1987	102	104
J. C. Penney [illegible] 1987	[illegible]	[illegible]
[illegible]	[illegible]	295
[illegible] 1987	105	107
[illegible]	[illegible]	[illegible]
Sperry Rand [illegible] 1987	100	102
[illegible] 1988	[illegible]	[illegible]
Texaco [illegible] 1988	74	76
Toshiba [illegible] 1990	[illegible]	112
[illegible] 1987	[illegible]	[illegible]
Warner Lambert [illegible] 1987	[illegible]	[illegible]
Warner Lambert [illegible] 1988	79	81
Xerox 5pc 1988	75	77

Source: Kidder Peabody Securities

Simmering Graz increases its dividend, forecasts sales growth

BY PAUL LENDVAI — VIENNA, June 28.

SIMMERING-GRAZ-PAUKER (SGP) major Austrian heavy engineering company is increasing its dividend from 4 per cent. to 5 per cent. for 1975. Turnover last year rose by 15.8 per cent. to Sch.2.3bn. (about £70m.) and net profit was Sch.19m.

The Board reckons with a rise in sales to Sch.2.4bn. this year and to Sch.2.7bn. in 1978. The good results achieved in 1975 were ascribed by the Board in the first place to the large public orders for rolling stock which accounted for 60 per cent. of the annual turnover. However it was stressed that in a new period of economic upswing when State expenditure is bound to be reduced, SGP must also reckon with a less brisk inflow of incoming public orders. Rolling stock accounted last year for 61.5 per cent. of the sales total as against 50 per cent. in 1974.

There were also major increases recorded in vehicles, machinery and other production branches. Of the orders to the tune of Sch.4bn. in hand those for rolling stock totalled Sch.1.9bn. while those for boilers and pipes reached Sch.1bn. Foreign orders amount to one-fourth of the order book.

The new management will concentrate on improving technology with regard to cranes and diesel motors and on tapping new markets, above all in the Middle East. Iran is the most important trading partner at present since it has placed an order for 500 goods wagons and 50 passenger coaches.

● The Austrian Steel industry suffered serious setbacks last year with deliveries of road products for domestic consumers dropping by 34.6 per cent. and the steelmen expect only a slight improvement this year. It was only due to an export offensive at the cost of price concessions that the fall of overall deliveries was held at 13 per cent.

Detailed figures show that pig iron output in 1975 fell by 11.3 per cent. to 3.06m. tonnes and crude steel production by 13.4 per cent. to 4.07m. tonnes. With regard to finished steel products, the reduction was 15.1 per cent. down to 2.9m. tons. It is now generally agreed that 1975 was the worst recession in the post-war history of Austria's steel.

Incoming domestic orders for commercial steel were also down last year by 35.5 per cent. In the special steel sector deliveries fell by 27.8 per cent.

The order book situation was described as "extremely unsatisfactory." Nevertheless in contrast to other countries there was no massive redundancy of the labour force. Voest Alpine, the foremost nationalised steel concern reported a 4 per cent. increase of turnover to Sch.22.5bn. (about £680m.), a 9 per cent. rise in incoming orders and 28 per cent. in the order books. However these figures are regarded as deceptive since they are primarily due to the brisk business done in the heavy engineering sector. Capacity utilisation in steel production was unsatisfactory and the situation was sharpened through the availability of new capacities installed during the past two years.

The special steel company VEW reported relatively favourable performance in terms of earnings due to orders dating back to 1974. Group turnover however was down by 2.3 per cent. to Sch.12.5bn.

Bleak outlook for Roechling

BY GUY HAWTIN — FRANKFURT, July 28.

DESPITE a substantial recovery in home demand, things are still looking pretty bleak for Roechling-Burbach, the depressed Saarland's largest steel concern. Mass steel output in the second and third quarter of the year is likely to be cut further and no improvement in employment prospects is expected until overseas demand picks up.

According to an interim report the concern failed to reach its earnings target in the first quarter of the year. Operating profits, it said, remainded "strongly negative." Last year the concern's losses ran into "nine figures."

Home demand improved considerably, with orders up 35 per cent. in the first quarter as a result of customers rebuilding stocks run down in the recession. Exports, however, remain weak and no improvement is expected in the earnings situation before the second half.

Crude iron production in the first three months went up by 3 per cent. to 149,000 tonnes, while crude steel production rose 5 per cent. to 203,100 tonnes. Orders in hand ensure employees continued working at the present rate for the coming 10 weeks. Turnover in the first three months totalled DM132.6m., of which home sales accounted for 65 per cent.

● Adrian Dicks writes from Bonn: Industrie-Werke Karlsruhe Augsburg, the West German engineering and armaments manufacturer, suffered losses of DM45.9m. (£10m.) last year, but is hopeful that after what it calls a phase of consolidation this year, it will be able to achieve a balanced result. In 1977, the company is confident of getting back into the black, but does not expect to be able to resume dividend payments.

Herr Helmut Metzger, the Chairman, revealed that only about one-third of last year's losses—all but DM1.6m. of which were written off through a cut in capital—was attributable to trading. The rest was the consequence of a far-reaching restructuring of activities, whose costs had now been digested.

Turnover in the first five months of this year was down 8 per cent. to DM205m., the chairman said, but it was hoped that it would be raised by the end of this year to at least the level of last year.

New orders were up 10 per cent., and the order book stood 14 per cent. higher than in the same period a year earlier. Among the principal areas where Herr Metzger forecast increased export turnover this year were utility vehicles, machine tools and precision instruments, while an upturn in weapons sales is expected in a slightly longer term.

TPC rejects Vulcan bid offer

BY JAMES FORTH — SYDNEY, June 28.

THE Trade Practices Commission has refused Vulcan Industries a clearance for its takeover offer for Davieco Braemar Industries. This places National Consolidated Industries in the box seat to acquire Davieco Braemar's appliance division. National now intends to apply to the industrial court seeking an order for Vulcan to sell its existing Davieco Braemar holding of 29 per cent.

The tussle started recently after Davieco Braemar ran into liquidity problems. After unsuccessful attempts to float Braemar Appliances publicly, an arrangement was made to sell it to National. But before it could be completed, Vulcan topped it with a bid of $A1.50 a share for all the capital of Davieco Braemar.

National countered by obtaining an injunction preventing Vulcan buying Davieco and seeking cause why Vulcan should not have to sell its stake if the TPC refused a clearance for the takeover.

The National deal has the blessing of the Davieco directors, who influence more than 40 per cent. of the capital. A meeting of Davieco shareholders is due to be held on July 1 to seek approval of the National arrangement. National intends to ask the court to prevent Vulcan from voting its existing 29 per cent. of the capital.

The TPC has not yet disclosed its reasons for refusing Vulcan a clearance. The company had expected no difficulties because it is only a relative newcomer in the hot water appliance industry.

'Umbrella' merger for Austrian co-operatives

BY OUR OWN CORRESPONDENT — VIENNA, June 28.

AUSTRIA'S co - operative societies, representing 670,000 member households, have decided to merge their most important organisations into one single umbrella institute called "Zentralkonsum Austria" as the first stage of a full merger of all co-operatives with corresponding changes in their statutes.

The merger involves the so-called Konsumverband, the central organisation, to which 16 district co-operative societies and local co-operative organisations belong, the Zentralkasse, the financial central institute of the co-ops, the wholesale trade organisation called GOEC with 24 production outlets and the Forum chain of stores with 48 sales outlets. GOEC, the wholesale purchaser, had an annual turnover of Sch.5bn. (over £150m.) last year while the aggregate sales of the Forum stores reached Sch.1.8bn. in 1975.

At the General Assembly held on Friday which voted in favour of the setting up of the new umbrella organisation, it was stressed that concentration of resources would improve operations both in purchasing and in marketing thus raising the quality and range of services for cooperative members. Furthermore it is expected that the merger will help the organisation in staving off the expansion of foreign trade groups and retail chains in Austria.

Sales at Flachglas begin to pick up

BY GUY HAWTIN — FRANKFURT, June 28.

Flachglas AG Delog-Detag, one of West Germany's leading glass manufacturers, has announced that after three years of heavily declining turnover, sales are starting to pick up. In the first four months of 1976, turnover increased by 15 per cent., and its annual report states that it is looking forward to a generally satisfactory business year.

It has to be said that this recovery has come not a moment too soon. Turnover in 1975, at DM551m. stood a full 16.4 per cent. beneath 1973's DM661m. (£142m.)

Net profits which in 1973 totalled DM5.9m., plunged to a 1974 net loss of DM2.5m. and recovered to a net profit last year of a meagre DM0.7m.

Capital investment which amounted to DM143m. in 1973 decreased to DM74m. in 1974 and DM41m. in 1975. Shareholders saw their dividends sliced from 1973's 18 per cent. to 3 per cent. both for 1974 and 1975.

While shareholders can scarcely hope for a return to 1973's dividend levels this year looks much brighter. Continued high production in the motor industry leads the concern to expect good prospects for safety glass products.

Kodak starts U.S. instant camera sales

By Jay Palmer — June 28

BACKED BY a massive promotional campaign and amid reports that advance dealers' orders are running "far ahead of forecasts," Eastman Kodak to-day started sales of its new instant colour cameras in the U.S.

The new range, which competes directly with Polaroid instant cameras, was initially unveiled at a special Press conference in April and went on sale first in Canada last month. Designated the "EK 4" and "EK 6" respectively, the two cameras retail for a list price of $54 and $70, respectively before retailers discounts which could cut prices by up to a quarter.

In a brief statement coinciding with the U.S. launch, Kodak noted that Canadian sales in the past month "have exceeded all expectations." However, the huge camera company, whose patents for the new cameras are facing legal challenges from Polaroid, refused to reveal any actual sales figures.

Kodak has timed the start of U.S. sales to coincide with the bicentennial celebrations. Without ever giving any specifics about the break-down of the advertising campaign the company last April showed some special TV selling spots which will be used to promote sales. These stressed the new cameras' high colour quality as well as the many convenient enlarging and duplicating retail centres.

Ever since Kodak unveiled its camera range, it has been clear that this summer and autumn will see a massive instant camera war developing between it and Polaroid. While Polaroid is the established instant camera market leader, Kodak's huge marketing muscle will give it a decided advantage.

Kanebo Hopeful

KANEBO president Junji Itoh told a Press conference the company suffered a record deficit before tax and special items in the last financial year of Yen 18.3bn., due mainly to a delayed recovery in textile business.

Mr. Itoh forecast that revenues for the year to April 30, 1977, will remain at the level as the last fiscal year, but said it is difficult to predict net income, Reuter reports from Tokyo.

However, Kanebo is expected to report a profit before tax and special items totalling Yen 5bn. or 4bn. for the current year, with improved sales in non-textile divisions such as foodstuffs and cosmetics. There will be a recovery in the textile division, particularly in the second half, he added.

Rothschild deal

BARON Edmond de Rothschild will acquire a minority interest, probably between 25-30 per cent., in a new French publishing company to be formed by Librairie Hachette, sources close to the company said.

The new company will manage three weekly magazines—Tele-7 Jours, Parents and Paris-Match—which Hachette recently purchased from the Prouvost publishing company, AP-DJ reports from Paris.

Eurobond total

EUROBOND issues in the first half of this year rose to the equivalent of $6.1bn., compared with only $5.9bn. in the whole of 1975, Credit Lyonnais and Kredietbank Luxembourgeoise said.

In the first half of this year, 63 per cent. of issues were denominated in U.S. dollars, 17 per cent. in D-Marks, 16 per cent. in Canadian dollars, and the rest in French francs, Units of Account, and Kuwaiti Dinars, Reuter reports from Paris.

Nine per cent. of issues carried floating interest rates.

Iceland loan

THE REPUBLIC of Iceland is to float a 12m. European Unit of Account 10-year bond issue, with a minimum average life of 7.25 years.

The bonds are expected to carry a coupon of 9½ per cent. Lead managers are Credit Commercial de France and First Boston (Europe).

Optorg forecast

CIE OPTORG Chairman Xavier Toure told the annual meeting that profit should continue to increase this year at the same rate as in 1975 and that the group hopes to raise the dividend again, Reuter reports from Paris.

هكذا من الأصل

All of these Securities have been sold. This announcement appears as a matter of record only.

$50,000,000
(Canadian)

Texasgulf Canada Ltd.

$25,000,000 (Canadian) 9½% Notes Due 1982

$25,000,000 (Canadian) 10% Debentures Due 1986

Payment of principal, premium, if any, and interest unconditionally guaranteed by

Texasgulf Inc.

Principal, premium, if any, and interest will be payable in Canadian dollars in Toronto or in certain cities outside Canada without deduction for or on account of Canadian or United States withholding taxes, all as set forth in the Offering Circular. Interest will be payable annually on June 15, commencing in 1977.

MORGAN STANLEY INTERNATIONAL — WOOD GUNDY LIMITED

ALGEMENE BANK NEDERLAND N.V. — A. E. AMES & CO. Limited — AMSTERDAM-ROTTERDAM BANK N.V.
ANDRESENS BANK A/S — BACHE HALSEY STUART INC. — BAER SECURITIES CORPORATION
BANCA COMMERCIALE ITALIANA — BANCA DEL GOTTARDO — BANCA NAZIONALE DEL LAVORO — BANCO DI ROMA
BANK OF AMERICA INTERNATIONAL — BANK GUTZWILLER, KURZ, BUNGENER (OVERSEAS) Limited
BANK LEU INTERNATIONAL LTD. — BANK MEES & HOPE NV
BANQUE ARABE ET INTERNATIONALE D'INVESTISSEMENT (B.A.I.I.) — BANQUE BRUXELLES LAMBERT S.A.
BANQUE FRANCAISE DU COMMERCE EXTERIEUR — BANQUE GENERALE DU LUXEMBOURG S.A.
BANQUE DE L'INDOCHINE ET DE SUEZ — BANQUE INTERNATIONALE A LUXEMBOURG S.A.
BANQUE LAMBERT-LUXEMBOURG S.A. — BANQUE NATIONALE DE PARIS
BANQUE DE NEUFLIZE, SCHLUMBERGER, MALLET — BANQUE DE PARIS ET DES PAYS-BAS
BANQUE POPULAIRE SUISSE S.A. LUXEMBOURG — BANQUE ROTHSCHILD — BANQUE WORMS
BARING BROTHERS & CO., Limited — H. ALBERT DE BARY & CO. N.V. — BAYERISCHE VEREINSBANK
BERLINER HANDELS- UND FRANKFURTER BANK — DREISACH PINSCHOP SCHOELLER Bank-kommanditgesellschaft — BURNS FRY Limited
CAZENOVE & CO. — CITICORP INTERNATIONAL BANK Limited — COMMERZBANK Aktiengesellschaft
COMPAGNIA FINANZIARIA INTERMOBILIARE S.p.A. — CONTINENTAL ILLINOIS Limited
CREDIT COMMERCIAL DE FRANCE — CREDIT INDUSTRIEL D'ALSACE ET DE LORRAINE
CREDIT INDUSTRIEL ET COMMERCIAL — CREDIT LYONNAIS — CREDIT DU NORD — CREDIT SUISSE WHITE WELD Limited
CREDITANSTALT-BANKVEREIN — DELBRUECK & CO. — DEN DANSKE BANK af 1871 Aktieselskab — DEN NORSKE CREDITBANK
DEUTSCHE BANK Aktiengesellschaft — DEUTSCHE GIROZENTRALE —DEUTSCHE KOMMUNALBANK— — DEWAAY & ASSOCIES INTERNATIONAL S.C.S.
DOMINION SECURITIES CORPORATION HARRIS & PARTNERS LIMITED — DRESDNER BANK Aktiengesellschaft — EFFECTENBANK-WARBURG Aktiengesellschaft
EUROPEAN BANKING COMPANY Limited — EUROTRADING Limited — FINACOR — FIRST BOSTON (EUROPE) Limited
ROBERT FLEMING & CO. Limited — GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN SPARKASSEN Aktiengesellschaft
GREENSHIELDS Incorporated — HAMBROS BANK Limited — HESSISCHE LANDESBANK —GIROZENTRALE— — HILL SAMUEL & CO. Limited
E. F. HUTTON & CO. N.V. — IBJ INTERNATIONAL Limited — INTERUNION—BANQUE
ISTITUTO BANCARIO SAN PAOLO DI TORINO — JARDINE FLEMING & COMPANY Limited
KIDDER, PEABODY INTERNATIONAL Limited — KLEINWORT, BENSON Limited — KREDIETBANK N.V.
KREDIETBANK S. A. LUXEMBOURGEOISE — KUWAIT FOREIGN TRADING CONTRACTING & INVESTMENT CO. (S.A.K.)
KUWAIT INTERNATIONAL FINANCE COMPANY S.A.K. "KIFCO" — KUWAIT INTERNATIONAL INVESTMENT CO. S.A.K.
KUWAIT INVESTMENT COMPANY (S.A.K.) — F. VAN LANSCHOT — LAZARD BROTHERS & CO., Limited
LAZARD FRERES ET CIE — LEHMAN BROTHERS Incorporated — LEVESQUE, BEAUBIEN INC. — LLOYDS BANK INTERNATIONAL Limited
LONDON MULTINATIONAL BANK (UNDERWRITERS) Limited — MANUFACTURERS HANOVER Limited
McLEOD, YOUNG, WEIR & COMPANY Limited — MERRILL LYNCH INTERNATIONAL & CO. — B. METZLER SEEL. SOHN & CO.
MIDLAND DOHERTY Limited — SAMUEL MONTAGU & CO. Limited — MORGAN GRENFELL & CO. Limited — NESBITT, THOMSON
THE NIKKO SECURITIES CO., (EUROPE) LTD. — NOMURA EUROPE N.V. — NORDDEUTSCHE LANDESBANK GIROZENTRALE
ORION BANK Limited — PETERBROECK, VAN CAMPENHOUT, KEMPEN S.A. — PICTET INTERNATIONAL Limited
PIERSON, HELDRING & PIERSON N.V. — PITFIELD, MACKAY, ROSS & COMPANY Limited
PKBANKEN — RICHARDSON SECURITIES OF CANADA — ROTHSCHILD BANK AG
N. M. ROTHSCHILD & SONS Limited — SALOMON BROTHERS INTERNATIONAL Limited — J. HENRY SCHRODER WAGG & CO. Limited
SKANDINAVISKA ENSKILDA BANKEN — SOCIETA FINANZIARIA ASSICURATIVA (SOFIAS) (R.A.S. GROUP) — SOCIETE GENERALE
SOCIETE GENERALE DE BANQUE S.A. — SOCIETE SEQUANAISE DE BANQUE — STRAUSS, TURNBULL & CO.
SVENSKA HANDELSBANKEN — SWISS BANK CORPORATION (OVERSEAS) Limited
UNION BANK OF SWITZERLAND (SECURITIES) Limited — VEREINS- UND WESTBANK Aktiengesellschaft — J. VONTOBEL & CO.
S. G. WARBURG & CO. LTD. — WARDLEY Limited — WESTDEUTSCHE LANDESBANK GIROZENTRALE — WOBACO INVESTMENTS Limited

June 28, 1976.

All of these Securities have been sold. This announcement appears as a matter of record only.

12,000,000 Shares

American Telephone and Telegraph Company

Common Shares

MORGAN STANLEY & CO. Incorporated
BACHE HALSEY STUART INC.
GOLDMAN, SACHS & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH Incorporated
SALOMON BROTHERS

BLYTH EASTMAN DILLON & CO. Incorporated — THE FIRST BOSTON CORPORATION — DILLON, READ & CO. INC.
DONALDSON, LUFKIN & JENRETTE Securities Corporation — DREXEL BURNHAM & CO. Incorporated — HORNBLOWER & WEEKS-HEMPHILL, NOYES Incorporated
E. F. HUTTON & COMPANY INC. — KIDDER, PEABODY & CO. Incorporated — KUHN, LOEB & CO. — LAZARD FRERES & CO.
LEHMAN BROTHERS Incorporated — LOEB, RHOADES & CO. — PAINE, WEBBER, JACKSON & CURTIS Incorporated
REYNOLDS SECURITIES INC. — SMITH BARNEY, HARRIS UPHAM & CO. Incorporated — WERTHEIM & CO., INC.
WHITE, WELD & CO. Incorporated — DEAN WITTER & CO. Incorporated — BEAR, STEARNS & CO. — SHEARSON HAYDEN STONE INC.

June 25, 1976.

MINING NEWS

Energy stop-go in Australia

BY KENNETH MARSTON, MINING EDITOR

Australia's trades unions remain very sensitive on the subject of the country's embryo uranium mining industry. All unions associated with the mining and transport of the nuclear material are *insisting that no exports of it shall take place pending completion of the slow-moving environmental inquiry on uranium.*

As a result, the **Rio Tinto-Zinc** group's **Mary Kathleen Uranium** may have to borrow from an overseas stockpile in order to meet its first delivery of 45.4 tonnes of uranium oxide in its contract with American utilities. The delivery is due next month and the company is faced with a union "blacking" if the uranium oxide is shipped from Australia.

On the other hand, **Utah Development Company** is on the verge of introducing new Australian partners and thus meet domestic ownership requirements in order to effect the go-ahead of the *$240m. (£166.5m.) Norwich Park* coal venture.

At present it is owned by **Central Queensland Coal Associates** which, in turn, is 85 per cent. owned by the U.S.-controlled UDC and 15 per cent. by Japan's **Mitsubishi**. The Australian public comes in through **Utah Mining Australia** which has 10.8 per cent. of UDC.

The Federal Government recently gave approval for Norwich Park to go ahead provided that *the local equity is increased to* 35 per cent. As an alternative, Australian investors can be offered a proportional stake in CQCA which operates three other coal mines. Australian companies known to have been holding talks *on possible participation in* Norwich Park include, **Broken Hill Proprietary, CSR and Thiess.**

MESSINA TAKES SABINA OPTION

The major southern African copper producer, **Messina**, has exercised its option which expired on **June 23** over the Irish base-metal prospect of Canada's **Sabina Industries** which is adjacent to that of **Tara Exploration's** big Navan zinc-lead find in County Meath.

Messina is obliged to spend £250,000, of which £50,000 had to be spent by July, 1976, and *is committed to pay the cost of* a feasibility study in order to complete its option and acquire a 47.5 per cent. interest in **Rennicks and Bennett.**

Messina's stake in the property will then be 47.5 per cent., Sabina *30.5 per cent., Glencar 17 per* cent. and Rennicks and Bennett personally 5 per cent. If a mine production decision is made, Sabina and Glencar will be required to contribute 23.64 per cent. and 14.36 per cent. respec*tively to the senior financing.*

Should either party fail to meet its obligation, however, their interests will be diluted progressively to a minimum free carried interest of 14.42 per cent. and 8.08 per cent. respectively. Messina *were 270p and Sabina 83p yesterday.*

BLUE SPEC IS IN BUSINESS

The first gold pouring has been made at the $5.8m. (£4m.) Australian Blue Spec gold-antimony mine which is 82 per cent.-owned by the **Anglo American Corporation** group's **Mulga Mines** and 18 per cent. by **Metramar Minerals. Australian Consolidated Minerals** also comes into the picture via a stake of 12.5 per cent. in Mulga, reports our Perth correspondent.

After a period of treating low grade development ore, the mine's plant started working on run-of-mine ore in the last week of May and production is now understood to be building up towards the planned daily levels of concentrates containing 3 kilograms of gold and 3.8 tonnes of 60 per cent. antimony, worth about $18,000 (£12,500) at current prices.

The successful *first* gold pouring suggests that the metallurgical problems have been overcome *although it remains to be seen* whether the hoped-for 75 per cent. gold recovery has been achieved.

Commercial production is expected to be announced next month and the mine will be officially opened in August. The present operating phase is scheduled only for 28 months in line with the limited ore reserves, but it is hoped that underground drilling will extend this short life prospect. Metramar were 15p and ACM were 6p yesterday.

METALS EX. TO RAISE $1M

A placing of 2m. shares of Australia's **Metals Exploration** is to be made with institutions in order to raise $1.01m. (£0.7m.) for further working capital. The company says that it has received requests from existing institu*tional shareholders* who are lenders to its big Greenvale nickel operation in Queensland for 920,000 shares for which the issue price will be 50 cents (par).

Metals Exploration has also received requests from other institutions for 1.08m. shares which are to be issued to them at 51 cents. The issue will raise the company's paid capital from 20.93m. shares to 22.93m. shares. Metals Exploration are currently around 70 cents in Sydney and *last night's London cum-premium* price was 76p.

The low-grade Greenvale lateritic nickel project has recently managed to reach a break-even position, but only because it does *not have to start making loan* repayments until 1979. Hopes are that production will further improve and that there will be a substantial rise in nickel prices in the meantime for this relatively high-cost open-pit operation.

ROUND-UP

The president of Canada's **Cominco**, Mr. Gerald Hobbs, says that the company does not expect *to make any profit from its* Saskatchewan potash holdings, owing to nationalisation of the industry by the provincial Government. He adds, however, that the company has no plans to pull out from the potash field as its vast *holdings will remain long after* the present Government leaves office.

* * *

Following the share issue by **Aran Energy**, Ireland's **Silvermines** holding therein amounts to 1,301,331 Ordinary shares, of which 1,001,331 are fully paid, representing 25.3 per cent. of Aran's issued capital.

* * *

The directors' report and accounts of **Tanganyika Concessions** for the year to last December 31 will be issued on July 9, 1976.

MINING BRIEFS

GOLD AND BASE METAL MINES OF NIGERIA—May: Output of concentrates (72 per cent. grade): Tin 30 tonnes, columbite nil. Five months to date 150 and 3 tonnes. Same period 1975: Tin 161 tonnes, columbite 2 tonnes.

LUNUVA (CEYLON) TEA AND RUBBER ESTATES—Due to late receipt of accounting returns from subsidiary in Sri Lanka, report and accounts will not be issued by June 30, 1976.

No dividend from Mount Charlotte

No dividend will be paid by **Mount Charlotte Investments** for 1975 when pre-tax loss increased from £155,206 to £232,373. A net dividend of 0.065p was paid for 1974 to preserve trustee status.

After extraordinary debits of 0.80m. (credit £244,498) and minorities, net loss stands at £1.09m. against profit of £23,572 previously. There is a compensation payment of £18,000 to a former director.

Turnover declined marginally from £8.87m. to £8.40m.

The *directors state* that 1975 was a year of retrenchment and forecast that 1976 will be a year *of consolidation.* However, they view prospects for 1977 with confidence.

	1975 £000	1974 £000
Turnover	8,399	8,871
Pre-tax loss*	232	155
Tax	†41	37
Attributable loss‡	1,092	§216

* After depreciation £135,827 (£191,546), financial charges £428,466 (£565,612) and compensation to a former director £18,000 (nil). † Credit. ‡ After extraordinary debits £891,995 (credit £244,495). § Profit.

CENTRAL PROVINCE CEYLON TEA HOLDINGS LIMITED

Extracts from the Report and Accounts for the year ended 30th June 1975, and Statement by the Chairman, Mr. S. C. Pryor:

Results and Dividends

Profits before tax amounted to £227,000 (1974—£122,000). Total dividends for the year will amount to 5.775% gross, payable upon receipt of the necessary funds from Sri Lanka, which is the maximum allowable, and compares with 5.25% in 1974.

Nationalisation

There is little to be gained by my expanding upon our very deep regret at the Sri Lanka Government's decision to nationalise our tea estates. The compensation in respect of the acreage figures for the purpose of negotiation amounted to 10,243 acres at Rs663 per acre which represents £435,327. The directors are satisfied that there are sufficient net assets to ensure that compensation will not be affected by a liability situation arising and to permit the remittance of a substantial amount of the outstanding dividends.

The Future

The Board is considering diversification and has been working very hard on this question and has had a number of disappointments. The task has not been made easier by the impossibility of assessing the assets that will be available in this country until such time as the compensation talks are finalised.

I hope to be able to give more definite information in the near future, as our plans are well advanced. The Company has received considerable support from its major shareholders and with this continued support I am sure that we can re-establish ourselves on a sound basis.

At the annual general meeting, held in London on 28th June, *1976, the report and accounts were adopted.*

The List of Applications will open at 10 a.m. on Thursday, 1st July, 1976, and close on the same day.

This issue is made in accordance with a General Consent given by the Treasury under the Control of Borrowing Order, 1958.
Application has been made to the Council of The Stock Exchange for the Stock being issued to be admitted to the Official List.

METROPOLITAN BOROUGH OF SANDWELL

issue of

£15,000,000 Metropolitan Borough of Sandwell 13 per cent. Redeemable Stock, 1982

Authorised by the Council of the Metropolitan Borough of Sandwell and issued in accordance with the Local Government Act 1972 and the Local Authority (Stocks and Bonds) Regulations 1974.

PRICE OF ISSUE £97½ per cent.

PAYABLE AS FOLLOWS—

On Application	£10 per cent.
On 29th July, 1976	£40 per cent.
On 29th October, 1976	£47½ per cent.
	£97½ per cent.

INTEREST (LESS INCOME TAX) WILL BE PAYABLE HALF-YEARLY ON 15TH JUNE AND 15TH DECEMBER. A FIRST INTEREST PAYMENT OF £3.4566 (LESS INCOME TAX) PER £100 STOCK WILL BE MADE ON 15TH DECEMBER, 1976.

The Stock is an investment falling within Part II of the First Schedule to the Trustee Investments Act, 1961.

National Westminster Bank Limited, New Issues Department, P.O. Box No. 79, Drapers Gardens, 12, Throgmorton Avenue, London EC2P 2ED, is authorised by the Council of the Metropolitan Borough of Sandwell to receive applications for the above amount of Stock in accordance with a Resolution passed by the Council on 30th March, 1976.

1. **SECURITY.**—The Stock and interest thereon will be secured upon all the funds, rates and revenues of the Council and will rank equally with all securities issued or to be issued by the Council.

2. **PROVISION FOR REPAYMENT OF LOANS.**—The Council is required by Acts of Parliament to make annual provision towards redemption of loans raised for capital expenditure and to make such returns in connection therewith as may be required by the Secretary of State for the Environment.

3. **PURPOSE OF ISSUE.**—The proceeds of this issue of Stock will be applied to replace moneys temporarily borrowed to meet authorised capital expenditure, to replace maturing mortgage debt, and to finance further capital expenditure.

4. ***REDEMPTION OF STOCK.***—*The Stock will be redeemed at par on* 15th December, 1982 unless previously cancelled by purchase in the open market or by agreement with the holders.

5. **REGISTRATION.**—The Stock, when fully paid, will be registered and transferable free of charge in amounts and multiples of one penny by instrument in writing in accordance with the Stock Transfer Act, 1963. **The Register of the Stock will be kept at National Westminster Bank Limited, Registrar's Department, Bristol Office, P.O. Box No. 82, National Westminster Court, 37, Broad Street, Bristol BS99 7NH.**

6. **INTEREST.**—Interest (less income tax) will be paid half-yearly on 15th June and 15th December by warrant, which will be sent by post at the Stockholder's risk. In the case of a joint account the warrant will be forwarded to the person first named in the account unless instructions to the contrary are given in writing.

The first payment of £3.4566 (less income tax) per £100 Stock will be made on 15th December, 1976 by warrant in the usual way to the holder(s) registered on 12th November, 1976.

7. **APPLICATIONS AND GENERAL ARRANGEMENTS.**—Applications on the prescribed form, accompanied by a deposit of £10 per cent. of the nominal amount applied for, will be received at **National Westminster Bank Limited, New Issues Department, P.O. Box No. 79, Drapers Gardens, 12, Throgmorton Avenue, London EC2P 2BD.**

Applications must be for a minimum of £100 Stock or in multiples of £100 for applications up to £1,000 Stock.

Larger applications must be made in accordance with the following scale:—

Applications above £1,000 Stock and not exceeding £5,000 Stock in multiples of £500.

Applications above £5,000 Stock and not exceeding £20,000 Stock in multiples of £1,000.

Applications above £20,000 Stock in multiples of £5,000.

A separate cheque must accompany each application form. No application will be considered unless this condition is fulfilled.

In the event of partial allotment, the surplus from the amount paid as deposit will be refunded to the applicant by cheque. If no allotment is made, *the deposit will be returned in full.*

Payment in full may be made on or at any time after 29th July, 1976 but no discount will be allowed.

Default in the payment of any instalment by its due date will render all previous payments liable to forfeiture and the allotment to cancellation.

Each applicant to whom an allotment of Stock is made will be sent a renounceable Letter of Allotment, which must be produced when instalment payments are made. Letters of Allotment which may be split up to 3 p.m. on 10th November, 1976 will contain forms of renunciation which will be available up to 3 p.m. on 12th November 1976. On payment of the instalment due on 29th July, 1976, the Letter will be appropriately marked and returned to the sender. When payment in full is made the Letter will be appropriately marked and returned to the sender unless the registration application form has been completed, in which case pages 1 and 2 only of the Letter will be returned to the sender.

Partly-paid Letters of Allotment may be split in multiples of £100 Stock, but fully-paid Letters of Allotment will be split down to multiples of one penny ***of Stock. No Letters of Allotment will be split unless all instalments then due*** **have been paid. There will be no charge for splitting Letters of Allotment.**

The Stock Certificate will be despatched by ordinary post at the risk of the Stockholder(s) without further request on 30th December, 1976 to the first-named registered holder at his/her registered address. If between 12th November 1976 and 3rd December, 1976 the Allotment Letter is lodged at **National Westminster Bank Limited New Issues Department, P.O. Box No. 79, Drapers Gardens, 12, Throgmorton Avenue, London EC2P 2BD** with the lodging agent's name and address inserted in the space provided at the foot of page 3, the Stock Certificate will be despatched to the lodging agent on 10th December, 1976, after which date Allotment Letters will cease to be valid.

A commission of 12½p per £100 Stock will be allowed to recognised bankers and stockbrokers on allotments made in respect of applications bearing their stamp and VAT registration number if applicable. This commission will not, however, be paid in respect of an allotment which arises out of an underwriting commitment.

8. **STATISTICS.**—Relating to the Metropolitan Borough of Sandwell:—

Population June 1975 (Estimated)	310,800
Rateable value—31st March, 1976	£49,449,867
Product of rate of 1p in the £—1976-77	£527,140
Domestic Rate in the £—1976-77	56.0p
Net loan debt at 31st March, 1976	£164,490,000
Provision for Redemption of debt 1975-76	£2,021,000

9. **PROSPECTUSES.**—Prospectuses and Application Forms can be obtained from:—

NATIONAL WESTMINSTER BANK LIMITED, New Issues Department, P.O. Box No. 79, Drapers Gardens, 12, Throgmorton Avenue, London EC2P 2BD and principal branches of that Bank.
CO-OPERATIVE BANK LIMITED, P.O. Box 82, 53, Colmore Row, Birmingham B3 2DA.
R. NIVISON & CO., 25, Austin Friars, London EC2N 2JH.
MURRAY & CO., Beaufort House, 94/96, Newhall Street, Birmingham B3 3AE.
DIRECTOR OF FINANCE, P.O. Box 2, Town Hall, Lodge Road, West Bromwich, West Midlands B70 8DY.
THE STOCK EXCHANGE and any of its branches.

Town Hall,
West Bromwich,
West Midlands B70 8DY.
25th June, 1976.

By Order of the Council,
KENNETH PEARCE, Chief Executive Officer.
W. S. ASTBURY, Director of Finance.

The List of Applications will open at 10 a.m. on Thursday, 1st July, 1976 and close on the same day.

APPLICATION FORM

for

Metropolitan Borough of Sandwell 13 per cent. Redeemable Stock 1982

Issue of £15,000,000 Stock at £97½ per cent.

To: NATIONAL WESTMINSTER BANK LIMITED,
NEW ISSUES DEPARTMENT, P.O. Box No. 79, DRAPERS GARDENS
12, THROGMORTON AVENUE, LONDON EC2P 2BD.

I/We hereby apply for ★£ .... (SAY .... pounds) of Metropolitan *Borough of Sandwell* 13 per cent. Redeemable Stock 1982, according to the conditions contained in the Prospectus dated 25th June, 1976 and undertake to accept the same or any less amount that may be allotted to me/us and to pay for the same in conformity with the terms of the said Prospectus. I/We request that any Letter of Allotment in respect of Stock allotted to me/us be sent to me/us by post at my/our risk at the first under-mentioned address.

I/We enclose the required deposit of £ .... being £10 per cent. on the **Nominal Amount** applied for, and warrant that the cheque attached hereto will be honoured on first presentation and agree that any allotment of Stock is made strictly on this understanding.

†I/We declare that I am not/no one of us is resident outside the Scheduled Territories‡ within the meaning of the Exchange Control Act, 1947, and that I/we shall not be acquiring the Stock on behalf of, or as nominee(s) of, any person(s) resident outside those Territories.

........, 1976 SIGNATURE .... (1)

First name(s) in full ....
Surname and designation ....
(Mr., Mrs., Miss or Title)
Address in full ....

PLEASE USE BLOCK LETTERS

(The spaces below are for use in the case of joint applications)

SIGNATURE .... (2)

First name(s) in full ....
Surname and designation ....
(Mr., Mrs., Miss or Title)
Address in full ....

PLEASE USE BLOCK LETTERS

SIGNATURE .... (3)

First name(s) in full ....
Surname and designation ....
(Mr., Mrs., Miss or Title)
Address in full ....

PLEASE USE BLOCK LETTERS

★ Applications must be for a minimum of £100 Stock or in multiples of £100 for applications up to £1,000 Stock.
Larger applications must be made in accordance with the following scale:—
Applications above £1,000 Stock and not exceeding £5,000 Stock in multiples of £500.
Applications above £5,000 Stock and not exceeding £20,000 Stock in multiples of £1,000.
Applications above £20,000 Stock in multiples of £5,000.

† If this Declaration cannot be made, it should be deleted and reference should be made to an Authorised Depositary or an Approved Agent in the Republic of Ireland through whom lodgment should be effected. Authorised Depositaries are listed in the Bank of England's Notice E.C.1. and include banks and stockbrokers in and solicitors practising in the United Kingdom, the Channel Islands or the Isle of Man. Approved Agents in the Republic of Ireland are defined in the Bank of England's Notice E.C.10.

‡ The Scheduled Territories at present comprise: the United Kingdom, the Channel Islands, the Isle of Man, the Republic of Ireland and Gibraltar.

A SEPARATE CHEQUE MUST ACCOMPANY EACH APPLICATION FORM. NO APPLICATION WILL BE CONSIDERED UNLESS THIS CONDITION IS FULFILLED.

This form should be completed and sent to—
NATIONAL WESTMINSTER BANK LIMITED, NEW ISSUES DEPARTMENT, P.O. BOX NO 79, DRAPERS GARDENS, 12, THROGMORTON AVENUE, LONDON EC2P 2BD with a cheque payable to National Westminster Bank Limited for the amount of the deposit. Cheques must be crossed "Sandwell Loan."

No receipt will be issued for payment on this application but an acknowledgement will be forwarded by post in due course, either by Letter of Allotment, and/or by return of deposit, as applicable.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Prices drop back after early rises

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 28.

STOCKS, firm in the morning but unable to generate much follow-through support, backed off slowly in later trading.

The Dow Jones Industrial Average closed 2.64 down at 997.58, after breaking through the 1,000 barrier earlier.

The NYSE All Common index closed 12 cents down at $55.23.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Atlas Corpn.	284,700	6	+ 1/4
Southern Cal. Ed.	252,400	19 3/4	+ 1/8
Continental Oil	227,700	38 3/4	−1 1/4
Gulf Oil	215,800	25 3/4	− 1/4
Texaco	158,200	27 1/4	− 1/4
Gif Life Hold	146,300	10 1/4	− 1/8
Tenneco	145,600	31 1/2	− 3/8
Boeing	137,000	39 1/4	+1
Avco	135,200	13	− 1/8
Amer. Tel. and Tel.	134,000	56 1/4	−1 1/4

Turnover approximated 17.3m. shares compared with 17.83m. on Friday.

Part of the retreat was attributed to a lack of special news factors and part to general caution prior to the end of the second quarter.

Analysts also believed that some traders may have stepped off to the sidelines to wait for to-morrow's Commerce Department report on U.S. economic indicators in May.

Among the other weak spots were **Continental Oil** off $1 1/4 at $38 3/4, **Xerox** $1 3/4 to $59 1/4, **Deere and Co.** $2 1/4 to $60 1/4, **Pittson** $1 3/4 to $45 1/4, **Boise Cascade** $1 1/4 to $23 1/4, **Philip Morris** $1 1/4 to $30 1/4, and *Zenith Radio* $2 to $32.

Rorer-Amchem slipped $2 1/4 to $18 3/4. It said its previously announced discussions with **Union Carbide** relating to mutual interests in the chemical field are continuing, but that there is no consideration being given to the acquisition of Rorer by Union Carbide. **Union Carbide** fell $1 1/4 to $67 1/2.

Eastman Kodak eased $1/4 to $99 5/8 after having traded as high as $100 1/4.

Prices on the American SE were mixed in light trading. The Amex index was off 0.14 at 104.92, but advances led declines, 333 to 287. Turnover amounted to 2.16m. shares, compared with 2.34m. shares on Friday.

Dynell Electronics sagged $3 1/4 to $12 1/2. The firm said on Friday its project East/West is a three-dimensional copier process capable of producing likenesses of human busts and other objects. But Dynell said it did not anticipate the project would have an immediate impact on sales and earnings.

Southland Royalty gained $1 1/4 to $67 1/2, with **Houston Oil and Minerals** ahead $1 1/4 to $60 1/4.

OTHER MARKETS

Canada lower

Apart from a minor gain for the banking group, stocks closed lower in moderate trading on *Canadian stock exchanges.*

Industrials fell 0.63 to 188.11, Golds 3.91 to 282.42, Base Metals 0.17 to 89.90, Western Oils 1.36 to 232.96, Utilities 0.70 to 142.30 and Papers 0.22 to 118.99. Banks gained 0.16 to 233.57.

PARIS—Irregular following the rise in call money to 7 1/2 per cent. from 7 3/4 per cent. on Friday and latest Government figures showing a slow-down in retail price inflation to 0.7 per cent. last month from 0.9 per cent. in April.

Foods, Hotels, Publishings, Metals, Oils and Electricals all did well, while Banks were mainly easier.

Notable gainers of the day included **BSN, Perrier, CIT-Alcatel, Aquitaine, Sommer - Allibert, Screg, Chargeurs Reunis** (up Frs.6.70 at Frs.187) and **Prenatal**, which put on Frs.3 to Frs.51.50.

Losers were **Locafrance, Sias, BHV, CFP, Merieux** and **Lyonnaise des Eaux.**

BRUSSELS—*Slightly higher in* continued quiet conditions.

Sofina, Traction, Vieille Montagne, FN, UCB and **St. Roch** were higher. **Sidro, CBR** and **Clabecq** fell.

Metals tended mostly higher with **Vieille Montagne** up B.Frs.45 to 4,080 and **Union Miniere** up B.Frs.8 at 1,124. **Intercom** rose B.Frs.20 to 1,350 in steady Electrical and Utility shares. Chemicals advanced modestly. **UCB** was up B.Frs.40 at 2,315 and **Solvay** up B.Frs.3 to 2,495. Holdings closed little changed. Oils eased with **Petrofina** down B.Frs.60 at 5,020.

U.S. and French issues were only slightly easier on balance but most other foreign stocks fell. All three Petrofinas declined.

AMSTERDAM — Shares fell across a broad front in dull trading. Dutch internationals eased, led by **Hoogovens.**

However, Insurances were generally unchanged. **Heineken** was also maintained while **IHC** continued to rise on Friday's favourable forecast.

Fokker was unchanged ex dividend after announcing the Government would study possible aid for its F-28 aircraft programme.

State loans fell.

GERMANY—Prices were mostly lower while brokers described volume as very light. The Commerzbank Index was down 2.2 to 761.4 points.

Banks and Autos were particularly weak. Of the major banks, ***Deutsche Bank*** *lost DM2.50 to* close at DM284.50 and **Dresdner** was down DM0.50 to DM210.90. **Commerzbank**, however, was up DM0.50 to DM185.50. Among the autos, **Daimler** was down DM4 to DM344, **BMW** down DM2.80 to DM240 and **VW** down DM0.70 to DM128.80.

SWITZERLAND — Closed narrowly mixed with an easier undertone in restricted trading.

Leading banks closed barely steady, with **Bodenkredit-Anstalt** weaker. In Financials interest centred on *Juvena, with its bearer* and participation certificates easing slightly.

In narrowly mixed Industrials, **Brown-Boveri** and bearer shares of **Ciba-Geigy, Nestle** and **Sandoz** eased slightly, while registered shares of **Ciba-Geigy, Nestle, Sulzer, Fischer** and **Von Roll** closed very steady.

VIENNA — The market was quietly steady with more gains than losses.

MILAN—Closed firmer in fairly active trading.

Generale Immobiliare eased but all other leading issues firmed. **Pirelli Spa** was only Lire 1 higher, however, after omitting its annual dividend.

Bonds registered modest gains in rather quiet trading.

COPENHAGEN — The market was slightly lower in moderate dealings.

OSLO — Banking was steady while industrials, insurances and shippings were quiet.

JOHANNESBURG—*Gold shares* were easier in line with lower bullion prices. **Free State Geduld** gained 5 cents at R19.80 while **St. Helena** lost 25 cents to R19.75.

Financial Minings followed producers down while Coppers were firmer. Platinums rose up to 15 cents. Other metals were a shade easier.

The Industrial market was little changed and trading was quiet.

HONG KONG—Fell on lack of support and some small selling in quiet trading.

Jardine Matheson lost 40 cents to $20.80, **Hong Kong Bank** 20 to $18.70, **Hutchison** 7.5 to $3.05 and **Wheelock Marden** 5 to $2.475.

Swire Pacific, which went ex-final dividend of 17.5 cents, dropped 10 cents to $9.35 but **Hong Kong Land** was unchanged at $7.10.

TOKYO—Closed firm with sustained selective demand for Blue Chips and Machineries boosting the market average to the highest level for the year. Volume was 220m. shares.

Victor, Alps Electric, Foodstuffs, and *Pharmaceuticals* led the gains, while large capital issues such as **Hitachi** and **Toshiba** were preferred on an improvement in their overbought margin trading positions.

Nippon Yusen and some Shippings were also higher, but **Toyota Motor, Nissan** and some Petroleums including **Nippon Oil** met profit taking.

AUSTRALIA — Closed narrowly mixed with no clear trend emerging due to end of financial year considerations.

Market leader ***Broken Hill Proprietary*** was unchanged at $A8.00, **CSR** rose 3 cents to $A4.63, **Robe River** 2 to $A1.27, **Peko-Wallsend** 10 to $A5.46 and **Pancontinental** 20 to $A13.10.

Indices

NEW YORK—DOW JONES

	June 28	June 25	June 24	June 23	June 22	June 21	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrials	997.58	999.84	1003.77	998.56	997.65	1007.45	1,011.02 (21/4)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (2/7/32)
Home Bonds	72.66	72.78	72.81	72.75	72.75	72.68	73.60 (22/4)	69.11 (2/1)	—	—
Transport	221.45	222.21	221.78	220.54	221.07	221.62	222.21 (25/6)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	87.59	87.92	88.35	85.85	85.70	86.05	91.90 (4/2)	84.80 (26/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	17,490	17,850	19,450	17,550	21,150	18,830	—	—	—	—

	June 18	June 11	June 4	Year ago (approx)
Ind. div. yield %	3.79	3.88	3.94	4.69

STANDARD AND POORS

	June 28	June 25	June 24	June 23	June 22	June 21	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
*Industrials	117.46	116.76	116.87	116.25	116.56	117.49	118.57 (24/3)	101.64 (2/1)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	104.53	103.72	103.79	103.26	103.47	104.28	105.70 (24/3)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	June 17	June 9	June 2	Year ago (approx.)
Ind. div. yield %	3.41	3.53	3.46	3.78
Ind. P/E Ratio	12.65	12.22	13.59	11.02
Long Govt. Bond yield	5.69	5.72	5.66	5.71

N.Y. S.E. ALL COMMON

June 22	June 23	June 24	June 25	1976 High	1976 Low
55.14	55.23	55.55	55.03	56.53 (21/6/76)	37.90 (2/1/75)

Rises and Falls	June 28
Issues Traded	1,807
Up	701
Down	668
Same	437
New Highs	85
New Lows	14

		June 28	June 25	June 24	June 23	1976 High	1976 Low
MONTREAL	Industrial	193.75	(u)	(u)	200.70	207.55 (19/6)	176.52 (2/1)
	Combined	192.16	(u)	(u)	192.57	199.76 (20/5)	175.57 (2/1)
TORONTO	Industrial	188.11	188.74	189.16	189.76	197.46 (20/5)	175.01 (2/1)
JOHANNESBURG	Gold	185.0	187.2	186.8	188.8	226.7 (12/5)	174.4 (8/4)
	Industrials	201.5	202.6	203.4	205.5	216.0 (21/5)	193.6 (8/4)

	June 28	Previous	1976 High	1976 Low
Australia (a)	410.97	411.90	470.61 (22/6)	445.32 (5/1)
Belgium (b)	99.89	99.76	115.12 (19/2)	97.65 (16/6)
Denmark (d)	103.55	103.59	112.22 (9/3)	100.20 (10/5)
France (e)	66.3	66.3	74.5 (2/2)	66.1 (16/6)
Germany (f)	721.4	765.6	831.7 (17/3)	735.0 (29/1)
Holland (g)	93.5	91.5	106.3 (6/2)	91.5 (25/6)
Hongkong (h)	405.22	409.25	465.33 (17/3)	324.03 (2/1)
Italy (k)	80.22	79.22	91.37 (25/2)	72.30 (6/5)
Japan (n)	356.62	352.02	356.11 (16/6)	336.22 (6/1)
Singapore (n)	284.70	285.55	296.16 (2/2)	256.56 (2/1)
Spain (p)	—	86.66	106.19 (1/5)	85.45 (1/6)
Sweden (q)	460.60	(u)	476.95 (13/5)	395.50 (19/1)
Switz'rl'd (r)	383.9	384.7	397.5 (12/5)	275.5 (4/1)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10; (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 425 Industrials. † 425 Inds., 50 Utilities and 23 Rails. (c) Closed.

£ and $ steady

Sterling gained 25 points to finish at $1.7740-1.7750 against the U.S. dollar. Trading was only on a moderate scale in the foreign exchange market yesterday, and dealings took place within the narrow range of $1.7715-1.7755. The trade weighted average depreciation of the pound, as calculated by the Bank of England, narrowed slightly to 39.1 per cent. having stood unchanged at noon and in the morning on Friday's close of 39.2 per cent.

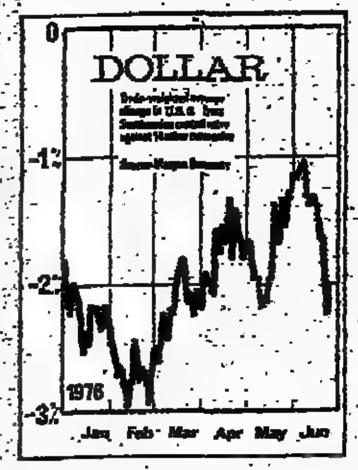
After a depressing start, during which the U.S. dollar came under some pressure principally from the Swiss franc, the dollar reacted strongly on the announcement of a $395.6m. U.S. trade surplus for May, the first surplus this year.

The dollar's trade weighted average depreciation, as calculated by Morgan Guaranty of New York, on noon rates, narrowed to 1.99 per cent. from 2.02 per cent. previously.

The Dutch guilder remained at the lower level of the European joint float, and although not under any visible pressure, the Dutch central bank was seen to intervene in rather thin trading conditions.

The Italian lira benefited from indications given at the conference in Puerto Rico, that further aid for Italy could be forthcoming if required. The depreciation of the lira improved to 51.10 per cent. from 51.58 per cent. on Friday.

Gold finished $1 an ounce lower in the London bullion market at $123 1/2-124 1/4. Trading was on a low level, and the metal drifted easier after meeting very little buying interest. The Krugerrand closed at $128 1/2-130 1/2 (£72 1/2-73 1/2) in the domestic market. Its premium over the gold content remained unchanged at 3.3 per cent. in international dealings, and widened to 4.5 per cent. from 3.9 per cent. domestically.



GOLD MARKET

	June 28	June 25
Gold Bullion (a fine ounce)		
Close	$123 1/2-124 1/4	$124 1/2-[illegible]
Opening	$124 1/2-125	$124 1/2-[illegible]
Morning fix'g	$124.30 (£70.026)	$124.60 (£70.47)
Afternoon fix'g	$123.90 (£69.811)	$124.35 (£70.44)
Gold Coins domestically		
Krugerrand	$128 1/2-130 1/2 (£72 1/2-73 1/2)	$128 1/4-[illegible] (£72 1/4-[illegible])
New Sov'rgns	$45-47 (£25 1/4-26 1/2)	$45 1/2-[illegible] (£25 3/4-[illegible])
Old Sov'rgns	$41 1/4-43 1/4 (£23 1/4-24 1/4)	$41 1/2-[illegible] (£23 1/2-[illegible])
Gold Coins (intern'ly)		
Krugerrand	$127-129 (£71 3/4-72 3/4)	$128-13[illegible] (£72 1/4-[illegible])
New Sov'rgns	$45-47 (£25 1/4-26 1/2)	$45 1/4-[illegible] (£25 1/2-[illegible])
Old Sov'rgns	$39 3/4-41 3/4 (£22 1/2-23 1/2)	$40 1/4-4[illegible] (£22 3/4-[illegible])
$20 Eagles	$202-205	$203-20[illegible]
$10 Eagles	101-104	$102-10[illegible]
$5 Eagles	$70-73	$71-74

SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	June 28	June 25
Sterling	0.645867	0.647148
U.S. dollar	1.14651	1.14584
Belgian franc	45.3937	45.4096
Deutschemark	2.94682	2.94997
French franc	5.43215	(n)5.42302
Italian lire	965.722	967.032
Japanese yen	341.247	341.231
Dutch guilder	3.13292	3.13502
Swedish krone	5.09867	(n)5.09957
Swiss franc	2.81853	2.83297

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

FOREIGN EXCHANGES

June 28 1976	Bank Rates %	Day's Spread	Close
New York	5 1/2	1.7715-1.7755	[illegible]
Montreal	9 1/2	1.7160-1.7205	[illegible]
Amsterdam	5	4.84-4.87	[illegible]
Brussels	7	70.10-70.70	[illegible]
Copenh'gen	8 1/2	10.87-10.91	[illegible]
Frankfurt	3 1/2	4.55-4.58 1/2	[illegible]
Lisbon	6 1/2	55.40-55.80	[illegible]
Madrid	†7	120.70-120.90	[illegible]
Milan	12	1,489-1,496	[illegible]
Oslo	6	9.85 1/2-9.90	[illegible]
Paris	8	8.38 1/2-8.45 1/2	[illegible]
Stockholm	6	7.88-7.91	[illegible]
Tokyo	6 1/2	520-530	[illegible]
Vienna	4	32.45-32.80	[illegible]
Zurich	2	4.36-4.38	[illegible]

* Basic discount. † Given rates are convertible francs. Closing financial 78.25-71.15.

OTHER MARKETS

	Note Rates
Argentina	246.46-249.86
Australia	1.4295-1.4455
Brazil	19.00-19.20
Finland	6.85-6.90
Greece	64.873-65.875
Hong Kong	8.74 1/2-8.77 1/4
Iran	124-128
Kuwait	0.515-0.525
Luxembourg	70.40-70.60
Malaysia	4.5015-4.5155
N. Zealand	1.7885-1.7997
Saudi Arab	6.19-7.29
Singapore	4.3785-4.3926
S. Africa	1.5381-1.5438

EXCHANGE CROSS-RATES

June 28	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankfurt	—	2.5770-80	54.23-28	6.495-500	4.561-75	94.08-13	104.60-65
N. York	38.75-77	—	21.08-09	2.5195-215	1.7745-55	38.61-53	40.59-61
Paris	184.2-6	4.7325-4700	—	11.965-90	8.4005-250	173.435-535	192.625-925
Brussels	15.38-42	39.62-65	8.35-37	—	70.84-38	14.48-51	16.09-12
London	4.57-58	1.7715-55	8.41-42	7.40-43	—	4.55-64	4.37-38
Am'rd'm	106.265-315	2.732-61	56.64-63	5.893-902	4.6455-505	—	111.165-21
Zurich	96.50-55	2.4645-60	61.89-98	6.31-21	4.3710-65	89.95-00	—

U.S. $ in Montreal: U.S. $ = 97.14-16 Canadian cents.
Canadian $ in New York: C$ = 102.85-85 U.S. cents. U.S. $ in Milan 842.50-843.
Sterling in Milan 1,496.75-1,498.25.

EURO-CURRENCY INTEREST RATES*

June 28 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	28-32	5 3/4-5 7/8	7 1/4-8 1/4	[illegible]	[illegible]	[illegible]
7 days notice	20-22	5 1/4-5 7/8	7 3/4-8 1/4	[illegible]	[illegible]	[illegible]
Month	14 3/4-15 1/4	5 3/4-6 1/4	8 1/4-8 5/8	[illegible]	[illegible]	[illegible]
Three months	15 5/8-14 1/8	5 7/8-6 5/8	8 1/2-9 1/8	[illegible]	[illegible]	[illegible]
Six months	15 1/4-15 3/4	6 1/2-7	8 1/2-9 1/2	[illegible]	[illegible]	[illegible]
One year	15 5/8-14 1/8	7 1/8-7 5/8	9 1/4-9 3/4	[illegible]	[illegible]	[illegible]

Euro-French deposit rate: two-day 8 1/4-8 1/2 per cent.; seven-day [illegible] per cent.; one-month 8 1/4-9 per cent.; three-month 9 1/4-9 1/2 per cent.; six-month [illegible] per cent.; one-year 10 1/2-11 per cent.

Longer-term Eurodollar deposits: two years 8-8 1/4 per cent.; three years [illegible] per cent.; four years 8 1/2-8 3/4 per cent.; five years 8 1/2-8 3/4 per cent.

The following nominal rates were quoted for London dollar certificates on deposit: one-month 5 1/2-5 3/8 per cent.; three-months 5 3/4-5 7/8 per cent.; six-months [illegible] per cent.; one-year 7 1/4-7 3/8 per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—113 1/4% (116 1/4%)

NEW YORK

Stock	June 28	June 25	Stock	June 28	June 25	Stock	June 28	June 25	Stock	June 28	June 25	Stock	June 28	June 25
[illegible]	[illegible]	[illegible]	Corning Glass	75 1/4	75 1/4	Johns Manville	30 1/2	29 1/8	Republic Steel	38 1/4	39	Zenith Radio	32	34
[illegible]	[illegible]	[illegible]	CPC Int'nation'l	46 1/2	46 1/4	Johnson Johnson	83 1/4	83	Revlon	81 1/2	80 1/2	Chile 5% 1995	90 1/2	90 1/2

CANADA

GERMANY ♦

June 28	Price Dm.	+ or −	Div. %	Yld. %
A.E.G.	89.7	−0.8	—	—
Allianz Versich.	428		18	2.2
B.M.W.	240	−4.8	18	3.7
BASF	169	−0.8	14	4.1
Bayer	137.7	−1.6	17	6.8
Bayer Hypo	280	−1	20	3.6
Bayer Vereinsbk.	278.5	−3.5	20	2.9
Commerzbank	185.5	+0.5	18	5.1
Conti. Gummi	85	−2	—	—

MILAN

June 28	Price Lire	+ or −	Div. Lire	Yld. %
Attalia Priv.	710	+8	—	—
ANIC	665	+22	60	—
Assonia Fin.	3,550		120	3.7
Bastogi	947.5	+13.5	70	7.4
Breda	1,820	+70	165	9.2
Burgo	9,450	+150	200	2.1
Centrale	5,850	+350	200	3.4
CIGA	2,500	+18	—	—
Credito	4,325	+100	225	5.2

AUSTRALIA

JOHANNESBURG

PARIS

BRUSSELS/LUXEMBOURG

TOKYO ¶

SWITZERLAND ♦

SPAIN ▼

AMSTERDAM

STOCKHOLM

COPENHAGEN

OSLO

VIENNA

هكذا من الأصل

FARMING AND RAW MATERIALS

Whale catch cuts shock Japan

TOKYO, June 28.

[J]APAN'S WHALING industry [w]ill have to curtail its operations [f]urther by about 20 per cent. in [th]e coming season, following the [cu]t in the annual whale catch [quo]ta decided at the International Whaling Commission [me]eting in London last week, [Fi]shery Agency officials said.

Government and industry are [sh]ocked by the cut of some [...]00 in the annual world catch [quo]ta to about 28,000 this season, [inc]luding a ban on the hunting [of] fin whales in the Southern [He]misphere, reports Reuter.

Officials said it is not known whether Japan will object to [th]e reduction.

Rise in U.S. cotton output forecast

LUBBOCK, Texas, June 28.

[TH]E 1976-77 U.S. cotton crop [ma]y reach 10.5m. bales, up from [...] last season, out of 11.75m. [acr]es planted, Mr. Don Debord, [exe]cutive vice-president of the [Cot]ton Foundation, said.

[I]n a speech to the National [Cot]ton Outlook Conference here, [h]e said calculations are based on [abo]ve-average abandonment this [se]ason of 8 per cent., 2 per cent. [m]ore than normal because of [w]idespread crop difficulties in [th]e mid-southern states.

Mr. Debord believes carryover [st]ock on August 1, 1977, may be [r]educed to the bare minimum of [...]5m. to 3m. bales because off[t]ake will equal or exceed production.

However, he estimated cotton [pr]ices could be kept from getting [ou]t of hand because of the use [of] man-made fibres and increased [sup]plies from late plantings in [sub]-tropical countries. Reuter

Sri Lanka's coconut output falling

COLOMBO, June 28.

[SR]I LANKA coconut production [h]as fallen an estimated 40 per [ce]nt. in the first half of this [ye]ar and shippers are unable [to] meet contract obligations, a [tra]de spokesman said.

Arrival of delayed monsoons [h]as eased problems caused by [d]rought but will not solve the [co]conut industry's problems, the [sp]okesman said.

THAI RICE SALE

BANGKOK, June 28.

[S]INGAPORE SIGNED an agree[m]ent last week to buy 24,000 [to]nnes of Thai rice on a govern[m]ent-to-government basis, Com[m]erce Ministry sources said.

Heat and drought start to hit U.K. grain crops

BY PETER BULLEN

THERE WAS serious deterioration in cereal crops in the south and east of England last week because of drought and heat, the Ministry of Agriculture said yesterday.

In its weekly crop report, the Ministry said the previous week-end's rain had been nullified by the heat. Spring cereals were generally looking thin and on lighter land poor yields are likely. Dwarf yellow virus was accentuating the problem and was causing loss in yields in some better soils and in some of the less dry areas. Mildew and aphids were widespread throughout the country necessitating spraying of large areas.

"Winter cereals are beginning to show signs of premature damage mainly because of the excessive heat and yield prospects are falling," the report added. In contrast, it said, cereal prospects in northern England are excellent and good yields are expected.

Potatoes and sugar beet were standing up to the dry conditions remarkably well, it added, but many fodder crops had been re-sown because of flea beetle attacks. Fruit fly attacks on maize had been particularly severe, but the crop was now growing well except in the driest areas.

From Bonn, Reuter reported a spokesman of the West German Farmers' Association as saying that while not yet catastrophic, the state of West German crops would be very serious if no rain falls in the next fortnight. Grain output is now likely to be smaller than last year's 21.3m. tonnes and the setback in sugar beet will be impossible to recover, he said.

Earlier, the U.S. Department of Agriculture blamed the drought in parts of western Europe and the below normal output prospects in the Soviet Union for a cut in its forecast of world wheat and feed grains production this year from the 1,077.4m. tonnes estimated two months ago to 1,062.1m. This is still 80.6m. higher than last year's estimated production.

It forecast that world usage of wheat and feed grains for 1976-77 will be 1,032.1m. tonnes—substantially higher than the 983m. tonnes used in the past season. In turn, the stocks at the end of the 1976-77 season are put at 138.7m. tonnes, down from the 147.8m. envisaged in April but higher than the estimated 108.7m. tonnes at the end of the 1975-76 season.

Prolonged drought in parts of the EEC, particularly in northern France, were also blamed by the International Wheat Council for a cut in production prospects of soft and durum wheat to between 37m. and 41m. tonnes. Last year 38.1m. were harvested.

World wheat price movements since mid-May, 1976, had to a large extent reflected concern over recent dry conditions in many important wheat-producing areas, the IWC said.

"On the other hand, export demand has remained slack. On balance, a slightly firmer trend can be noted," it added.

In a comment on the grain and soyabean situation, the USDA said that markets are likely to continue "edgy" in coming weeks until worldwide crop prospects become clearer this summer.

French sugar beet 'catastrophe' worry

PARIS, June 28.

THE French Beet Growers' Federation said drought-hit producers should get a supplement on the market price of beet and those worst-affected should get direct aid by the hectare.

In a communique, the Federation said it is opposed to the Government's policy of granting loans. The Government recently announced a Frs.1bn. standby credit for loans to farmers if a state of disaster is declared and a Frs.50m. credit at the disposal of special committees.

The drought is taking on the dimensions of a national catastrophe, but the extent of damage will only be known at the end of September when the harvesting begins.

The Federation said the price supplement could be introduced directly on top of the market price or by allowing producers to retain value added tax collected for the Government or by direct aid according to tonnages produced.

It also called for other fiscal measures, including tax concessions and the setting of 1976 losses against future contracts.

The Federation said the results of this year's drought will be more serious because of poor crops in the past two years.

The Federation added: "Farmers are asking themselves right now how they will manage to live next year and with what means will they be able to prepare the 1977 harvest."

Meanwhile, the Association of Wheat and Other Cereal Producers said that together with the National Federation of Breeders, it set up a permanent aid committee because of the drought situation.

It has asked farmers and breeders to gather as much straw as possible for the regions worst hit by dry weather. It also discussed, at recent meetings with the Government, other measures to help breeders, including exceptional transportation using the national railways and the Army.

Our Commodities Staff writes: World sugar prices rose sharply on the London and New York futures markets yesterday reflecting the growing concern about drought cutting Western European beet crop production back drastically.

The London daily price for raw sugar was raised by £2 to £177 a ton, and futures ended the day between £3.50 to £5.25 higher than Friday's closing levels.

Too much rain hits Guyana's rice crop

By Our Own Correspondent

GEORGETOWN, June 28.

UNDULY HEAVY rainfall has caused a 30 per cent. shortfall in the expected yield of Guyana's spring rice crop. A Government announcement said the crop has yielded 48,000 tons. The target was 70,000 tons.

The yield is well below the 61,000 tons gathered in the 1975 spring, but higher than the 43,000 tons in the spring of 1974. Guyana is the principal supplier for the Caribbean Common Market countries and the statement said so far normal shipments are being made.

U.S. aluminium output to rise

OAKLAND, June 25.

KAISER ALUMINIUM and Chemical Corporation plans to restart about 97,000 tons of primary aluminium-producing capacity now idle at plants in Louisiana, West Virginia and Washington State.

The restarts will raise domestic operating rate to 90 per cent. of annual rated capacity from 77 per cent. at present. The restarts will help meet growing overall demand for aluminium.

Copper tone easier after stocks rise

By John Edwards, Commodities Editor

A SURPRISE rise in copper stocks held in London Metal Exchange warehouses, when another fall had been generally predicted, brought an easier tone to the London copper market yesterday.

The increase of stocks, up by 825 tonnes to a total of 539,350 tonnes, came after three weeks of declines and market predictions that there would be a further fall of over 1,000 tonnes.

A big rise of 2,440 tonnes in tin stocks, raising the total holdings to 10,420 tonnes, had already been anticipated correctly by the market. It was believed to represent holdings put on warrant by the buffer stock of the International Tin Council.

However, prices were hit by a sharp fall in the Penang market over the week-end, with the Straits tin price losing $M19 to $M1,174 a picul, and a report from La Paz that most Bolivian tin miners were returning to work after going on strike on June 9.

LME silver holdings jumped by 1,600,000 to 17,540,000 ounces. As predicted lead stocks rose by 600 to 80,600 tonnes and zinc by 2,725 to 77,785 tonnes. However zinc values were boosted in late trading by a rumour that the U.S. stockpile authorities were considering building up supplies again.

Meanwhile, the standing committee of the International Lead and Zinc Study Group at a recent meeting noted that deliveries of both metals were rising in most industrialised countries although to some extent consumers and end-users were replenishing stocks and there was as yet little sign of a sharp upturn in consumption.

Good news for the Parliamentary group backing a world commodity centre in London was the decision by the International Lead and Zinc Study Group to move to London from New York because of increasing demand for office space in the UN building there.

The study group is to move at the beginning of 1977 to Haymarket House where the British Government has offered privileges and immunities in line with the assurance recently given to a deputation from the Parliamentary group.

EEC SEEDS LEGISLATION

Tougher rules for generation game

BY MARY CHERRY

ON JULY 1 Britain becomes fully subject to EEC seeds legislation. In the years of preparation to adjust to the new requirements, this legislation has already had a profound effect on the British seed trade but the full implications for purchasers of seed, such as farmers and market gardeners, will not be felt until this autumn. Essentially, these centre on the compulsory certification of most agricultural seed (sale of uncertified seed being illegal) and the limitation of cereals to seed which is first or second generation (no more) from breeder's basic seed.

It should not be assumed that Britain is being forced to come up to a "higher standard" of seed or to adopt a system that will necessarily be better for the consumer. A "higher standard" is difficult to define in many respects when one is talking about seeds: it is probably fair to say that in some respects the new system will be an improvement and in some respects the value to the grower (and hence to the public who buy his produce) must be dubious when weighed against the cost of additional man-hours and paperwork.

In fact, the seeds industry here was not satisfied that, in respect of cereals and herbage seed, the U.K. should be held down to the standard of EEC grade—which is lower than that of British voluntary schemes operating to date. Therefore, the authorities have agreed to the operation of a two-tier system to include a Higher Voluntary Standard (HVS) grade—a fact that has been greeted by considerable grunts of disapproval in Brussels where the Commission have noted that Britain will be the only member state operating a superior certified grade.

At the other end of the scale, British farmers and growers will, in the case of most crops, lose the option to pay less for their seed by buying seed from crops that have not been entered for certification or which have failed on inspection. Now all traded seed (in the case of cereals, over 70 per cent. of all seed sown) must be certified to be at least up to the standards set down by the EEC. Farmers may grow their own seed but they may not buy, even over the hedge from their neighbour, seed from crops which have not been inspected by authorised inspectors and officially certified. In the case of edible seed, such as the grains, failed seed can become feed. However, failed seed of some other crops, such as herbage seed will become commercially useless—at least within EEC countries and any others which have similar legislation.

Among the most controversial of the limitations imposed by the new legislation is that which restricts the generation of cereal seed. Until now it has been quite legal to sell seed corn of the umpteenth generation, that is to say seed that has been multiplied year after year so that it is many generations removed from the seed originally released by the breeder of the variety.

The seed trade and agricultural merchant's organisation, BASAM, have always been opposed to the restriction of the sale of cereal seed to two generations (two after breeder's pre-basic and basic generations) and farmers generally see the change as a means of forcing them to pay more for their seed.

It is strongly felt by many that it is quite illogical to impose a generation limit on crops like wheat, barley and oats which are self-pollinating and "breed true." Under the old British Cereal Seed Scheme there was no such restriction; many stocks were multiplied for far more than two generations and there is one known case of a wheat variety with stocks 12 generations from basic which had no detectable differences from the original seed.

Of course, a generation scheme in the context of the new situation in which all marketed seed has to be certified makes life easier for the certifying authority and, for the small number of breeders of varieties of cereals, it ensures a quick return for replenishment stocks.

N.Z. to 'smooth' wool prices

WELLINGTON, June 28.

THE NEW ZEALAND Government's wool price "smoothing" scheme will come into operation on July 1 and will apply to all shorn and slipe wools, Mr. Duncan Macintyre, Minister of Agriculture, said.

The starting point will be the present average price of 124 cents a kilo and changes between seasons will be limited to a reduction of not less than 5 per cent. and an increase of not more than 10 per cent.

A levy of 3 per cent. will be imposed for the coming selling season to form a stabilisation account from which supplementary payments will be made should wools fall below the minimum price.

Mr. Macintyre said that when wool prices rise above a set trigger price a further levy will be applied which will average 50 per cent. of the proceeds above the trigger point. Funds from this levy will be at the reserve bank in the names of individual growers. At the discretion of the Minister they will be allowed to draw on it in time of hardship or development.

Again with the Minister's agreement, there may be general withdrawal of funds because of the economic condition of the wool industry. The trigger price will be set by the Minister after consulting the Wool Board and will normally remain in force for a season.

Mr. John Falconer, chairman of Federated Farmers Meat and Wool Council said he was bitterly disappointed at the restraints imposed on farmers' incomes without adequate consultation.

His council opposes the Government's intention to lock the farmers permanently into a price smoothing scheme without any assurances on the acceptance of its policy of formal annual discussions with the Government on the income and investment needs of the industry.

● New Zealand wool growers will be able to offer their clip direct to the New Zealand Wool Marketing Corporation from the start of the selling season next month, the Corporation said.

In the first season the Corporation will be buying crutchings, lambs wool and second shears, which comprise a third of the shorn clip.

The Corporation said the scheme will be voluntary, "unlike the ill-fated acquisition scheme of 1972." Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Marginally lower on balance [on] the London Metal Exchange. Forward [met]al opened at around £925 in pre-[mar]ket dealings but fell quickly to £919 [as] the small rise in warehouse stocks [wa]s announced as a modest decrease had [be]en generally expected. Forward metal [ra]llied back to £918.5 before trade buying [illegible]

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £883.5, three months £919, 19.5, 19, 20, 20.5, 21, cathodes, cash £876.5, three months £909.5. Kerb: Three months £920, 19.5, 20. Afternoon: Wirebars, cash £889.5, 90, three months £912, 22.5, 22, 21, 22.5, 22, 21.5. Cathodes £876.5. Kerb: Three months £921, 21.5, 21, 20.5.

TIN—Lost ground but ended above the [illegible]

[illegible]

however, and the price rallied to £4,500 by the close of the afternoon Kerb. Turnover 843 tonnes.

Morning: Standard, cash £4,340, three months £4,340, 30, 25, 10, 15, 10, 4,300, 4,495, 85, 75, 70. Kerb: Standard, three months £4,470, 75, 80, 85, 90, 4,500, 85, 10. Afternoon: Three months £4,525, 25, 29, 30, 20, 23. Kerb: Standard, three months £4,520, 30.

LEAD—Drifted in featureless trading [illegible]

ZINC—[illegible]

[illegible]

Cargoes of oilseeds were arranged from Vancouver to Japan at $18 and $15 f.i.o. for July while heavy grain from the River Plate to Poland paid $20 free discharge for early July. Miscellaneous chartering included phosphate from Tampa to Nordenham at $23,000 f.i.o. based on 22,500 long tons for June and a large cargo of ore from Cape Lambert to Rotterdam at $5 f.i.o. for mid-July.

Wheat—U.S. Dark Northern Spring No. 2, 14 per cent., Aug. £106.00, Sept. £105.50 quoted Tilbury seller transhipment East Coast unquoted.

EEC—Feed July £90.50, East Coast not yet unquoted.

Maize—No. 3 Yellow American French option first half July £78, second half £77, East Coast.

Barley—EEC Feed Canadian No. 2 feed option July £77.75 West Coast.

[illegible]

interest was shown in Turkish, Russian and other Middle Eastern types, reports F. W. Tattersalls.

COFFEE

[illegible]

RUBBER

[illegible]

SILVER

[illegible]

COCOA

[illegible]

SUGAR

[illegible]

FREIGHTS

[illegible]

GRAINS

[illegible]

SOYABEAN MEAL

[illegible]

WOOL FUTURES

[illegible]

COTTON

[illegible]

MEAT/VEGETABLES

COVENT GARDEN (prices in sterling)—Imported produce: Oranges—S. African: Navels Proteas/Tomangos [illegible]

[illegible]

JUTE

[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

GRIMSBY FISH—[illegible]

U.S. Markets

Gold drops sharply; sugar firm

NEW YORK, June 28.

GOLD closed sharply lower on Trade Selling, clearing Commission House stops. Cocoa closed lower on Commission House liquidation touching stops. Sugar closed firm on Commission House buying outweighing Trade Selling. Copper closed slightly higher while silver eased in dull and featureless trading. Soyabeans closed slightly higher on Commission House buying in active trading, Bache report.

Cocoa—Ghana spot 106 (109). Bahia spot 100 (103). July 95.40 (98.65), Sept. 90.30 (94.30), Dec. 83.65, March 79.25, May 76.15, July 73.20, Sept. 70.75. Sales 1,325.

Coffee—"C" Contract: July 152.00-152.00 (153.65), Sept. 153.10-152.50 (154.10), Dec. 148.80 asked, March 144.70, May 145.00 asked. Sales 297.

Copper—July 71.20 (71.20), Aug. 72.00 (71.80), Sept. 72.60, Dec. 74.40, Jan. 74.90, March 75.90, May 76.70, July 77.30, 77.50. Sales 7,200.

Cotton—No. 2: July 55.20 (54.75), Oct. 54.60-54.70 (53.00), Dec. 51.00-51.20, March 79.70, May 77.00, July 73.75, Oct. 65.60 asked, Dec. 62.45 asked. Sales 6,550.

●Gold—July 123.40 (124.90), Aug. 124.00 (125.50), Oct. 125.00, Dec. 126.20, Feb. 127.00, April 129.00, June 130.50, Aug. 133.00, Oct. 133.50. Sales 1,907.

Greasewool—Spot 181.0 nom. (same), July 175.0-183.5 (175.0), Oct. 181.0-184.0 (180.0), Dec. 181.0-184.0, March 181.0-185.5, May unquoted.

Lard—Chicago loose 17.25 nom. (same). NY prime steam 18.75 asked (same).

Maize—July 209–209½ (202), Sept. 209½– [illegible]

[illegible]

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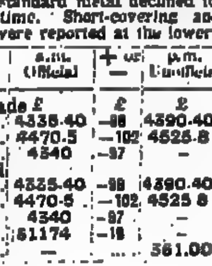

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CONTRACTS AND TENDERS

SYRIAN STORING & DISTRIBUTING CO., PETROLEUM PRODUCTS "SADCOP"

NO. 4431/32

Date: 21/6/1976

REVISION OF ADVERTISEMENT OF TOP URGENCY NO. 30

Further to advertisement of the Syrian Storing & Distributing Co. Petroleum Products, regarding call of offers for the supply of 20,000 M.tons LPG 25% propane & 75% Butane in Vessels capacity 1,000-1,500 MT fully equipped including couplings for direct discharge into Trucks C&F Lattakia, Islam Tour (25) KM from Lattakia. Due immediate need, the deadline is altered as follows:

1) Request of Cahier de Charges: Technical Cahier de Charges may be obtained from Finance Directorate Contracts Dept., free of charge.

2) Delivery of Offers: Offers must be delivered to the Registration Office—Damascus Oil Ministry BLDG. Al Adawi—Al-Khatib Avenue floor 6 Room 611.

3) Acceptance of Offers: Until Wednesday 14/7/1976, 14.00 Hours.

4) Opening of Offers: Thursday 15/7/1976, 10.00 Hours.

5) All of the conditions remain in accord with the last announcement.

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STOCK EXCHANGE REPORT

Markets almost at standstill as new Account begins

Share index down 3.6 at 371.5—Gilt-edged harden

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 14	Jun. 24	Jun. 25	July 6
Jun. 28	July 8	July 9	July 20
July 12	July 22	July 23	Aug. 3

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets failed to shake off the recent bout of apathy as the new Account got underway yesterday. Official markings of 3,572 compared with the daily average for last week of 4,202 which were the lowest since the week ended August 15, 1975. There were a few fairly sizeable sellers around during the morning, but once these were out of the way activity almost came to a standstill. This was reflected in the FT 30-share index which had fallen 2.6 by 1 p.m. and held at that level until the "after-hours" dealings when prices eased a little further and the fall was extended to one of 3.6 to 371.5 at the close. Interest was restrained ahead of to-morrow's announcement of the revision in the price code, while underlying sentiment was not helped by revived talk of a possible tightening in dividend control.

Gilts quietly firm

Elsewhere, interest centred mainly on company trading statements and week-end Press tips, while several Shipbuilding shares made progress on compensation hopes ahead of to-day's fresh vote on the Government's Bill to nationalise the aircraft and shipbuilding industries.

Overall, price changes were few and far between. However, a slightly easier bias was mirrored in the 3-2 majority of falls over rises in FT-quoted Industrials and a loss of 0.4 per cent. to 153.58 in the FT-Actuaries All-Share index.

The probable sustaining influence in British Funds was further talk of pending public expenditure cuts, but the level of business was so small that the market was not really tested. Mediums and longs moved very narrowly before closing ¼ harder on the day, while the shorts were restrained by conditions in the money market which, despite last Friday's Bank of England action, continued to be extremely tight. As a result, final movements at this end of the market were modest and irregular.

Debenhams 11 per cent. Convertible, 1993/98, issued in connection with the acquisition of Hamley's, made a fair debut, fluctuating between £100 and £102½ before closing at £100½.

Scattered institutional selling coupled with offerings from arbitrage sources lowered the investment currency premium ½ to 115¼ per cent. Yesterday's SE conversion factor was 0.6790 (0.6800).

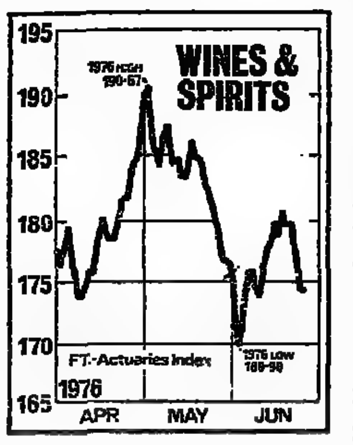
Alld. Irish dip & rally

Perturbed about the possibility of a long and damaging strike by 10,000 bank employees over a pay row, Allied Irish touched a 1976 low of 93p before rallying later to close unchanged on the day at 100p. Bank of Ireland also closed unaltered at 280p with jobbers unwilling to deal. The big four Banks hardly moved from last Friday's closing levels and Barclays, at 272p, down a penny, provided the only change. Overseas issues were generally easier, with Standard Chartered 2 off at 378p in front of to-day's preliminary results. Hongkong and Shanghai shed 5 to 310p and Bank of New South Wales similarly cheaper at 385p.

With the exception of Commercial Union, which edged forward a penny to 109p, Insurance Composites drifted lower on lack of support. Sun Alliance gave up 3 to 378p and "Royals" shaded 3 to 277p as did Eagle Star to 115p.

Narrowly mixed price movements were the order of the day in the Drinks sector. Allied hardened a penny to 64p xd with sentiment helped by Press comment, but Vaux softened that much to 247p despite higher profits.

Anglo-American Asphalt featured Buildings with a rise of 11 to 178p in response to substantially increased earnings and the scrip issue proposal. Fresh bid speculation lifted Ellis and Everard 4 to 101p, while trading news was reflected in SGB, a penny better at 76p, and May and Hassell, 2 firmer at 67p. John Laing were quoted a fraction harder at 68p ex the scrip issue, but Norwest Holst, a firm market of late, shed 1½ to 34½ despite news of the return to profitable trading. Cements, however, made a poor showing; Associated shed 3 to 146p, while Aberthaw, 92p, and Tunnel "B," 148p, eased around 2 apiece.



ICI improved to 354p before drifting back to close 3 easier on balance at 348p. Elsewhere in Chemicals, Allied Colloids featured with a rise of 10 to 119p on the increased earnings and the accompanying "rights" issue proposal.

Television Contractors had contrasting movements in Anglia "A," 2½ up at 109p xd, and HTV 2 cheaper at 76p.

British Home sold

British Home featured Stores, falling 7 to 323p on some sizeable selling, while UDS eased 3 to a 1976 "low" of 71p following Press comment on the annual accounts. Debenhams, also on Press comment, shed 2 to 80p xd. Allied Retailers, however, moved up 3 to 96p on substantially improved earnings, and Greenfield Milletts finished a penny harder at 21p on the satisfactory half-yearly report. John Menzies were raised 4 to 134p, while gains of 3 were seen in Cope Sportswear, 30p, and H. Samuel "A," 132p. S. Casket were quoted a shade harder at 34p ex the scrip issue.

Awaiting to-morrow's preliminary results, GEC shed 3 to 152p. EMI lost a like amount at 226p, while Racal Electronics continued a dull market, losing 4 more to 214 xd for a two-day fall of 12 on further consideration of the results. Electrocomponents, in front of to-day's preliminary statement, eased 2 to 102p, while Dorman Smith were also 2 easier at 114p following the preliminary figures and scrip issue proposal. Philips' Lamp declined 15 to 925p, but Comet Radiovision contrasted with a rise of 3 to 46p. Ultra Electronic held at 56p following news of substantially higher profits.

Hawker became uncertain ahead of to-day's new vote on the Shipbuilding and Aircraft Industry Bill and fell 8 to 432p, after 430p, but Shipbuildings remained quietly firm with Swan Hunter hardening 1 to 46p, being helped by the £6.5m. bulk carrier contract. Engineerings in general moved modestly. Interest continued to centre on Tom Martin, which closed a net 4 higher at 82p, after 76p, following the late agreed offer of 85p cash from S. and W. Berisford, down 4 at 145p. Press mention in front of yesterday's annual meeting assisted Head Wrightson, 2½ better at 51½p and GEI International put on 1 to 49p after the chairman's confident view of prospects, but John Brown remained at 85p despite the above-forecast profits. Adwest gained 3 to 150p and, among smaller-priced issues, E. Chalmers, 29p, Warne Wright, 34p, and Thomas Robinson, 44p, all improved 2. Crenite Group became unsettled late by the interim profits setback and lost 3½ to 31p. Pegler-Hattersley were lowered 5 to 144p xd.

Among Foods, J. B. Eastwood improved 4 to 58p on the return to profitable trading. Bishop's Stores made a favourable response to the preliminary figures, the Ordinary closing 2 up at 132p and the "A" finishing 3 better at 58p. Rowntree Mackintosh contrasted with a fall of 4 to 216p following an adverse Press mention, while other casualties included Alpine Soft Drinks, 4 off at 130p xd, and Associated Dairies, 5 cheaper at 198p. In Supermarkets, Tesco closed a penny harder at 39½p xd.

Isle of Man Associated Investment featured Hotels and Caterers with a jump of 7 to 57p in a restricted market on bid speculation following the announcement that Sir J. Douglas Clague and others have purchased a substantial shareholding in the company. Grand Metropolitan held at 65p following news of a £54m. Saudi Arabian contract.

Glaxo react

Activity remained at a very low ebb in the miscellaneous Industrial leaders, which drifted lower on small sales and lack of support. Glaxo were the biggest casualty at 383p, down 7, while Beecham shed 4 to 367p and Bowater receded 2 to 194p. Pilkington Bros. fell 3 more to 320p xd and Reckitt and Colman shaded a similar amount to 330p. Second-line issues displayed no set trend. Wilkins and Mitchell lost 4 to 30p on further consideration of the sizeable loss, while Dwek cheapened a shade to 5p on the dividend omission and loss. Disappointment that International Combustion seem determined not to raise their offer terms above 85p saw Thermal Syndicate give up 1½ to 88p xd, while acquisition details failed to impress Jardine Matheson which receded 8 to 348p. By way of contrast, James Warren were speculatively supported at 74p, up 4, after 76p, and recovery hopes prompted a rally of 4 to 24p in Valor. Reflecting the second-half upsurge, Norcros improved a penny to 71½p. Favourable Press comment drew buyers' attention to Campari, which rose 5 to 34p, while Rexmore were a penny better at 42½p xd for a similar reason.

Motors and Distributors had a firmer inclination. Press comment helped Rolls-Royce to harden 1½ to 57½, while Lucas, 212p, and British Leyland, 32p, put on a penny apiece. Garages had Godfrey Davis 1½ better at 37p xd and Frank G. Gates 4 higher at 82p xd in a restricted market.

Thomson Organisation lost 4 to 254p, after 252p, in the absence of any follow-through to Friday's buying enthusiasm, while William Collins, in Publishers, shed 3 to 118p. Eucalyptus Pulp, awaiting the preliminary results, gained 3 to 45p and a renewed small demand lifted Lowe and Brydone 4 to 38p.

Properties mixed

Leading Properties closely followed the general trend, but the section was not without a few contrasting small features. Revived speculative demand lifted Regional A 2 to 32½p and Argyle Securities were nearly that much higher at 41p, while Keith and Henderson hardened 1 to 85p on newspaper advice. Stock Conversion, which were also the subject of Press mention, improved initially to 166p before easing to end a net 2 off at 163p. Centrovincial continued in firm vein at 32p, up 1, and Dorrington Investments, at 33½p, held a similar gain after the third-quarter figures. Of the leaders, Land Securities lost 4 to 148 xd; the chairman's statement made no impact. MEPC gave up 3 at 62p, while English slipped ½ to 42p.

A light selling pressure went almost unresisted in Oils and British Petroleum edged 5 lower to 365p, while Shell eased 2 to 428p. Investment currency together with overseas influences took ½ off Royal Dutch, at 39⅞. Secondary issues also closed a shade off with Ultramar being quoted at 132p xc. Oil Exploration, however, continued against the trend and, on fresh speculative interest, rose 3 to 77p.

Movements of note were few and far between in Overseas Traders. Down 17 last week on fading bid hopes, Gill and Duffus revived with a gain of 2 to 177p. Harrison and Crosfield lost 13 to 887p.

Expressing concern about the current paucity of trade in the kaffir market, stockjobbers Smith Bros. ran back 3 to a 1976 low of 39p in Trusts and Financials. In ex "rights" form, Charterhouse cheapened 2 to 40p, while the "new" nil-paid shares opened at 4p premium and closed at 2½p premium. Bishopsgate Property and General Investments 5¾ per cent. Debenture, 1983/88, however, rose 5 points to £61½ on the disclosure that the company are purchasing stock in the market until further notice.

Dull Shippings had P & O Deferred 2½ down at 101, after 100p, following adverse Press comment. British and Commonwealth shed 3 to 191p xd and Ocean Transport ended 2½ off at 128½p. Down 5½ last week on the poor results, "Lofs" cheapened ½ more to 29½p exd.

Little interest was shown in Textiles, which closed narrowly mixed. Dawson International, 52p, and the "A," 51½p, both improved a penny on Press mention. Slimma hardened 1½ to 48½p, but Nottingham Manufacturing shed 2 to 67p and Courtaulds receded 3 to 127p. Awaiting their preliminary statements to-day, British Cotton and Wool Dyers and William Reed both held steady at 19p and 43p respectively. The Tobacco majors were rarely tested and closed unchanged.

It was again a quiet day in mining share markets with the movements in share prices mainly reflecting the fluctuations in the investment dollar premium and the arbitrage rate.

South African Gold shares opened a shade easier and subsequently drifted following the lower bullion fixing, with modest U.S. offerings in late [illegible] leaving them at around [illegible] lowest levels. The Gold [illegible] index fell 6 points [illegible] although the fall was [illegible] by a substantial number of constituents of the index [illegible] "ex" the June dividends [illegible] bullion was finally [illegible] $123.375 per ounce [illegible] closing level since [illegible] 1974.

Among the heavyweights [illegible] ranged [illegible] (220½) [illegible] ex-dividend) [illegible] fontein [illegible] dend.

In the lower-priced issues [illegible] of around 30 [illegible] Blyvoor [illegible] (430p) [illegible] Buffels (640p) and Western [illegible] (875p) [illegible] Rand Leases [illegible] recovered 3 to 16p.

Financials generally [illegible] Golds [illegible] Anglo [illegible] to [illegible] lost [illegible] 275p [illegible] based stocks, Charter [illegible] 1 to 146p following [illegible] week-end [illegible] Gold Fields [illegible]

Coppers were neglected [illegible] Tins [illegible] sharply higher in response [illegible] Cape demand. Union Plat[illegible] and Potgietersrust were [illegible] around 10 better at [illegible] 167p respectively.

Australians tended to [illegible] idle trading, reflecting the night losses in Sydney and Melbourne markets. Metals Exploration gave up 7 to 70p following the decision to [illegible] the [illegible] with [illegible] institutions around 50 cents, while BH South lost a similar amount [illegible]

Elsewhere, Westfield Minerals dropped 3 to 193p following the day's meeting in Toronto.

FINANCIAL TIMES STOCK INDICES

—	June 28	June 25	June 24	June 23	June 22	June 21	A Year ago
Government Secs.	62.71	62.65	62.76	62.89	62.76	62.68	57.[illegible]
Fixed Interest	62.38	62.30	62.35	62.43	62.28	62.17	57.[illegible]
Industrial Ordinary	371.5	375.1	376.4	382.5	384.6	383.2	291
Gold Mines	161.5*	167.5	168.9	163.9	171.5	172.2	418
Ord. Div. Yield	5.87	5.76	5.75	5.65	5.69	5.61	6.[illegible]
Earnings Y'ld % (full)(a)	16.88	16.34	16.28	16.00	15.88	15.93	20.[illegible]
P/E Ratio (net) (a) (b)	8.95	9.08	9.12	9.26	9.33	9.30	6.[illegible]
Dealings marked	3,572	4,207	4,320	4,515	4,190	4,028	6,4[illegible]
Equity turnover £m.	—	46.21	43.23	70.56	38.96	41.76	58.[illegible]
Equity bargains total	—	10,935	10,681	9,857	9,952	9,837	13,7[illegible]

10 a.m. 373.4. 11 a.m. 373.5. Noon 372.9. 1 p.m. 373.5. 2 p.m. 372.8. 3 p.m. 372.3.

Latest Index 01-246 8026.

(a) Based on 32 per cent. corporation tax. (b) Nil=8.37.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942. * Cum. div. 163.2.

HIGHS AND LOWS

—	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1/76)	60.19 (21/1/76)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (2/2/76)	59.75 (21/1/76)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5/76)	364.7 (2/6/76)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (3/1/76)	140.1 (6/4/76)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 28	June 25
Daily—		
Gilt-Edged	126.6	[illegible]
Industrials	112.6	130.[illegible]
Speculative	31.7	[illegible]
Totals	81.3	[illegible]
5-day Av'ge.—		
Gilt-Edged	137.8	159.[illegible]
Industrials	134.3	[illegible]
Speculative	42.6	[illegible]
Totals	95.6	[illegible]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon. June 28 Index No.	Day's Change %	Est. Earnings Yield % (Max. Corp. Tax 35%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Est. P/E Ratio (Corp. Tax)	Fri. June 25 Index No.	Thurs. June 24 Index No.	Wed. June 23 Index No.	Tues. June 22 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	139.72	−0.7	16.67	5.44	9.06	8.87	140.73	141.76	144.41	146.12	108.94	160.06 (21/4)	137.18 (2/6)	206.37 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	121.77	−1.2	15.95	7.57	9.62	9.52	123.24	123.88	127.26	128.56	92.46	150.18 (15/1)	121.77 (22/6)	253.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	185.22	−0.4	20.80	5.86	7.59	7.59	185.91	186.68	192.55	193.29	193.08	260.20	185.22	389.35	71.48
4	Electricals (16)	256.08	−0.7	16.16	4.97	9.28	8.95	259.96	264.22	267.85	269.68	201.79	287.30	245.72	350.04	86.71
5	Engineering (Heavy) (13)	172.80	—	22.95	7.02	6.80	6.80	172.77	172.72	175.61	176.76	132.09	193.18	161.88	202.57	94.43
6	Engineering (General) (63)	131.05	−0.8	16.56	6.80	9.07	9.07	132.07	132.91	135.10	135.45	96.12	149.29	125.48	168.59	45.14
7	Machine and Other Tools (9)	55.31	−0.6	13.66	8.01	15.06	15.02	55.65	54.97	55.18	55.39	40.68	60.52	51.19	156.70	19.96
8	Miscellaneous (25)	126.19	−0.1	14.91	6.75	10.23	9.93	125.50	126.45	127.90	128.12	99.72	141.94	121.55	177.41	49.65
9	CONSUMER GOODS (DURABLE) (53)	121.59	−0.2	17.19	5.54	8.70	8.67	121.88	122.44	124.89	125.40	78.78	141.46	116.86	227.76	38.39
10	Lt. Electronics, Radio TV (15)	132.22	−0.4	15.25	4.31	9.64	9.63	132.78	133.16	136.58	137.56	90.99	160.55	128.75	257.41	42.85
11	Household Goods (13)	160.48	−0.3	19.44	7.25	7.84	7.32	160.99	161.72	165.48	164.56	122.68	187.22	160.48	263.22	63.92
12	Motors and Distributors (25)	77.14	+0.1	19.21	6.69	7.88	7.85	77.09	77.64	78.81	78.86	42.29	85.16	70.05	170.69	19.91
13	CONSUMER GOODS (NON-DURABLE) (168)	142.84	−0.1	14.80	6.39	10.17	10.03	142.98	145.46	146.47	146.76	120.90	162.24	138.95	226.08	61.41
14	Breweries (15)	155.05	−0.4	14.90	7.28	10.04	10.04	155.71	155.56	158.98	156.15	138.82	179.45	147.99	281.87	69.47
15	Wines and Spirits (7)	174.02	−0.1	10.95	5.82	13.97	13.97	174.14	176.41	179.82	179.82	153.72	190.67	169.90	257.40	78.71
16	Entertainment, Catering (14)	167.96	+0.1	14.47	7.92	10.66	10.57	167.86	169.98	174.85	174.19	132.76	211.26	156.17	329.99	54.87
17	Food Manufacturing (22)	158.21	−0.6	16.58	5.51	9.16	9.11	158.97	159.30	162.71	164.15	133.56	179.44	157.25	211.66	59.78
18	Food Retailing (16)	150.73	−0.6	13.63	5.63	10.71	10.71	151.51	152.14	154.18	154.70	113.22	[illegible]	128.86	235.08	64.25
19	Newspapers, Publishing (16)	167.97	−0.9	12.41	6.16	12.38	12.38	169.50	167.63	169.00	168.94	118.88	184.34	157.01	250.29	65.08
20	Packaging and Paper (12)	96.50	−0.4	16.91	7.85	9.09	9.09	96.71	96.96	99.44	99.59	82.72	112.50	94.92	185.69	48.46
21	Stores (34)	116.14	+0.1	13.25	6.94	11.62	11.60	116.01	116.17	118.87	119.09	100.98	156.24	115.17	204.59	52.63
22	Textiles (23)	146.84	−0.1	10.31	7.82	13.80	11.50	146.92	148.01	150.52	151.64	123.15	183.19	141.90	253.72	62.66
23	Tobaccos (3)	218.15	−0.6	19.99	5.50	7.65	7.65	216.75	217.67	222.25	223.74	177.21	241.89	211.56	359.16	94.34
24	Toys and Games (6)	71.67	−0.2	20.42	7.67	6.82	6.82	71.82	72.11	72.54	71.88	37.90	78.75	69.15	185.72	20.92
	OTHER GROUPS (98)															
25	Chemicals (28)	208.35	−0.4	11.95	5.39	11.64	11.64	209.09	210.26	213.35	215.48	152.79	231.58	199.45	231.58	71.80
26	Office Equipment (9)	91.25	−0.7	12.75	5.68	11.40	11.40	91.95	91.94	93.59	94.39	78.29	100.18	85.09	246.06	45.34
27	Shipping (12)	361.48	−1.7	14.43	7.23	9.57	8.69	367.60	366.59	374.61	376.70	318.94	432.64	358.52	517.00	90.80
28	Miscellaneous (49)	149.72	−0.5	14.87	7.38	10.05	10.05	150.42	150.93	154.00	154.91	124.74	172.98	148.45	256.85	60.39
29	INDUSTRIAL GROUP (496)	147.52	−0.4	14.95	6.28	9.98	9.87	147.86	148.53	151.39	152.09	118.20	165.38	145.66	230.17	59.01
30	OILS (4)	566.71	−0.6	12.05	4.61	9.61	6.89	568.03	561.21	560.96	567.56	275.42	595.64	551.54	661.66	87.23
31	500 SHARE INDEX	164.44	−0.4	14.46	6.01	9.92	9.70	165.12	165.96	168.64	169.49	131.06	183.00	161.90	227.95	63.49
32	FINANCIAL GROUP (100)	121.62	−0.5	—	6.09	—	—	122.46	123.09	125.02	124.82	118.17	153.46	118.52	241.41	55.88
33	Banks (6)	147.90	−0.1	20.94	5.72	7.35	7.35	148.06	149.11	151.40	149.84	155.54	192.16	146.56	288.32	62.44
34	Discount Houses (10)	156.49	—	—	8.84	—	—	156.49	156.49	156.80	156.64	139.49	166.52	147.90	293.15	81.40
35	Hire Purchase (5)	90.64	—	—	7.17	—	—	90.61	89.16	90.85	92.01	80.58	132.10	89.16	433.72	38.83
36	Insurance (Life) (9)	102.00	−0.3	—	7.00	—	—	102.21	102.91	104.58	105.41	96.75	129.46	95.91	194.46	44.88
37	Insurance (Composite) (7)	93.12	−1.0	—	7.54	—	—	94.04	95.11	96.77	97.48	93.40	119.76	92.05	155.76	43.96
38	Insurance (Brokers) (9)	245.70	−0.3	10.04	4.50	14.72	14.72	246.59	248.01	252.52	252.10	176.62	276.90	218.36	276.90	65.86
39	Merchant Banks (16)	71.92	−0.1	—	7.77	-	-	71.98	71.78	71.87	71.51	74.54	93.85	69.72	278.57	31.21
40	Property (32)	154.07	−0.9	3.45	3.40	50.80	51.45	155.45	154.72	157.70	156.16	158.69	194.57	144.37	357.40	56.01
41	Miscellaneous (6)	70.07	−3.0	16.29	8.81	8.45	8.45	72.22	72.69	72.66	74.65	66.59	91.98	69.83	303.15	33.29
42	Investment Trusts (50)	150.24	−0.8	3.54	4.99	29.35	29.35	151.39	151.50	152.28	152.42	151.69	184.55	141.96	245.79	71.63
43	ALL-SHARE INDEX (650)	153.58	−0.4	-	5.97	—	—	154.27	155.05	157.46	158.35	128.21	172.64	150.59	228.18	61.92
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	471.67	−1.1	11.29	7.50	12.72	12.42	466.34	465.90	467.00	468.30	407.63	523.40	404.67	555.37	84.68
45	Teas (8)	138.64	−0.5	30.39	8.84	4.46	4.31	139.31	139.51	138.58	138.58	100.06	140.44	117.89	140.44	59.72
46	Coppers (3)	228.65	−0.6	43.18	7.51	2.32	2.32	227.43	227.45	231.25	235.07	410.36	501.47	178.95	567.78	94.03
47	Mining Finance (11)	102.94	−1.0	10.50	4.90	10.94	10.36	103.97	104.05	105.60	106.05	137.52	119.77	96.18	175.90	66.51
48	Tins (8)	111.01	—	11.60	8.16	12.93	12.27	111.01	111.77	112.95	113.03	96.62	115.14	86.09	135.45	54.85
49	Overseas Traders (13)	222.91	−0.2	14.88	4.64	8.74	8.73	223.28	225.40	226.98	226.17	207.87	254.47	222.75	254.47	97.47

	FIXED INTEREST	Monday June 28 Index No.	Yield %	Friday June 25	Thursday June 24	Wed. June 23	Tuesday June 22	Monday June 21	Friday June 18	Thurs. June 17	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	13.95	13.94	13.84	13.85	13.92	14.01	14.00	13.92	14.89	—			
2	20-yr. Govt. Stocks (6)	49.21	13.22	49.14	49.29	49.39	49.24	49.06	49.06	49.02	46.74	55.45	47.56	115.42	39.27
3	20-yr. Red. Deb. & Loans (15)	50.56	14.62	50.78	50.83	50.78	50.83	50.70	50.61	50.65	46.02	53.40	46.68	115.45	37.01
4	Investment Trust Prefs. (15)	48.86	14.18	48.87	48.09	48.02	47.86	47.75	47.75	47.47	42.15	51.25	45.45	114.41	34.45
5	Coml. and Indl. Prefs. (20)	67.12	14.05	66.93	66.76	66.72	66.57	66.36	66.27	65.91	59.71	71.97	62.76	114.95	47.67

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Food Retailing	29/12/67	114.13
Engineering (Heavy)	31/12/71	153.84	Insurance Brokers	29/12/67	96.67
Engineering (General)	31/12/71	153.23	Mining Finance	29/12/67	100.00
Wines and Spirits	16/1/70	144.76	All Other	10/4/62	100.00
Toys and Games	16/1/70	135.72			
Office Equipment	16/1/70	162.74			
Industrial Group	31/12/70	128.20			
Miscellaneous Financial	31/12/70	128.06			
Food Manufacturing	29/12/67	114.13			

‡ Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an ISM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p.

A record of the indices, cost £30, is obtainable from FT Business Enterprises 10, Bolt Court, London, EC4. It gives all group and sub-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
ICI	£1	9	348	−3	403	328
Martin (T.)	10p	9	82	+4	83	48
Shell Transport	25p	9	428	−2	462	378
Marks & Spencer	25p	8	98	—	108	[illegible]
"Bats"	25p	7	380	—	410	342
Commercl. Union	25p	7	109	+1	138	106
Cons. Gold Fields	25p	7	169	−3	220	146
GEC	25p	7	152	−3	168	[illegible]
Imperial Group	25p	7	74	—	88	72½
Unilever	25p	7	448	—	500	428
Beecham	25p	6	367	−4	390	330
BP	£1	6	365	−5	685	575
Burmah Oil	£1	6	42	—	53	31
Grand Met.	50p	6	65	—	88	58½
GUS "A"	25p	6	176	−1	224	176

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163 (1) (e).

Option Report—3-month Call Rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jun. 22	July 5	Sep. 16	Sep. 28
July 6	July 19	Sep. 30	Oct. 12
July 20	Aug. 2	Oct. 14	Oct. 26

"Calls" were dealt in Dunlop, Burmah Oil, F. J. Wallis, Newman Inds., Peachey Property, Ultramar, British Land, Dutton Forshaw and Grand Metropolitan. A "put" was done in Smith Bros., while a "double" was arranged in Ultramar.

Industrials		Guardian	16	Spillers	4	Shell	27
		G.K.N.	25	Tesco	4	Ultramar	14
A.P. Cement	15	Hawker Sidd.	35	Thorn "A"	22		
Assoc. Leisure	5	House of Fraser	8	Tube Invest.	27	Mines	
Barclays Bank	22	I.C.I.	20	Unilever	38	Anglo Amer.	50
Beecham	28	"Imps"	7	Utd. Drapery	8	Charter Cons.	15
Boots Drug	12	I.C.L.	14	Vickers	15	Chartered?	4
Bowaters	16	Inveresk	7	Williams Hud's	4	Cons. Gold	15
B.A.T.	30	Legal & General	12	Woolworths	6	De Beers Def.	35
British Leyland	5	Ladbroke	11			F. S. Geduld	550
[illegible]		[illegible]		[illegible]		[illegible]	
Eagle Star	11	P & O Dfd.	11	Peachey	3	Pres. Steyn	202
E.M.I.	17	Plessey	7	Samuel Props.	4½	Rio T. Zinc	17
Gen. Accident	12	R.H.M.	5	Town & City	2½	Welkom	65
Gen. Electric	15	Rank Org. "A"	18			West Areas	40
Glaxo	55	Reed Int'l	25	Oils		Western M'ing.	18
Grand Met.	7	Rothmans	4	Brit. Petroleum	40		
G.U.S. "A"	16	Slater Walker	4	Burmah Oil	41		

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (13)

AMERICANS (2): Colt Ind., Fluor Corp., Singer

ENGINEERING (1): Martin (T.)

HOTELS (1): Brent Walker

INDUSTRIALS (4): Dufay Bitumastic, Sonic, Trans. Union, [illegible]

PAPER (1): Geers Gross

PROPERTY (1): Dorrington

RUBBERS (1): Malayalam

MINES (1): Poseidon

NEW LOWS (60)

BANKS (1): Allied Irish

BUILDINGS (13): Aberthaw, Fairclough (L.), BPB 7¼pc Conv., Redland, Beaver, Richards & Wallington, Camben, Rugby Port. Cement, Costain, Tarmac, Erith, [illegible]

STORES (3): British Home Stores, Canters, Comb. English, UDS

ENGINEERING (8): British Steam, Crodite Group, Delta Metal, Hampson Inds., IMI, McKechnie, Pegler-Hattersley, [illegible]

FOODS (3): Assoc. Brit. Foods, Lyons (J.), Robertson Foods

HOTELS (1): Swan Ryan

INDUSTRIALS (13): AAH, AVP, Aaronson Bros., Cawoods, Ferguson Ind., Fertleman, Gibbons Dudley, [illegible]

INSURANCE (1): General Accident

PAPER (2): Assoc. Paper, Cons. Bryant Group

PROPERTY (3): Barratt Dev., Essex [illegible], London [illegible]

SHIPPING (2): Ocean Transport, Dunhill

TOBACCOS (1): [illegible]

TRUSTS (6): Harcros, London Merchant, Northern American, Northern Secs., Smith Bros., [illegible]

MINES (1): Sabina

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	9	7	48
Industrials	212	321	1,335
Financial and Prop.	63	137	369
Oils	5	9	23
Plantations	5	4	36
Mines	16	[illegible]	33
Recent Issues	2	4	33
Totals	348	543	1,792

BASE LENDING RATES

Allied Irish Banks Ltd. · American Express Bank · Amro Bank · Anglo-Portuguese Bank · Henry Ansbacher · Banco de Bilbao · Bank of Cyprus · Bank of N.S.W. · Banque du Rhone S.A. · Barclays Bank · Barnett Christie Ltd. · Bremar Holdings Ltd. · Brit. Bank of Mid. East · Brown Shipley · Canada Permanent AFI · Cayzer Ltd. · Cedar Holdings · Charterhouse Japhet · C. E. Coates · Consolidated Credits · Co-operative Bank · Corinthian Securities · Credit Lyonnais · G. R. Dawes · Duncan Lawrie · First London Secs. · Antony Gibbs · Goode Durrant Trust · Greyhound Guaranty · Grindlays Bank · Guinness Mahon · Hambros Bank · Hill Samuel · C. Hoare & Co. · Julian S. Hodge · Hongkong & Shanghai · Industrial Bank of Scot. · Keyser Ullmann · Knowsley & Co. Ltd. · Lloyds Bank · London & European · London Mercantile · Midland Bank · Samuel Montagu · Morgan Grenfell · National Westminster · Northern Comm. Trust · Norwich General Trust · Forman Guaranty · P. S. Refson & Co. · Rossminster Accept'cs · Schlesinger Limited · E. S. Schwab · Security Trust Co. Ltd. · Shenley Trust · Standard Chartered · Trade Development Bank · Twentieth Century Bk. · United Bank of Kuwait · Whiteaway Laidlaw · Williams & Glyn's · Yorkshire Bank — rates [illegible]

CORAL INDEX: Close 369-374

I.G. INDEX 01-351 3466 OCTOBER SUGAR 194.70-196.20

INSURANCE BASE RATES: Atlantic Assurance · Cannon Assurance — [illegible]

MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 11½ per cent. (since May 21, 1976)

Day-to-day credit remained in very short supply in the London money market yesterday, and the authorities gave assistance by buying a large amount of Treasury bills direct from the houses. They also lent a very large amount to eight or nine discount houses, on the same basis as Friday, at a rate below Minimum Lending Rate. This will be for repayment on Wednesday. The market was faced with a net take-up of Treasury bills and an increase in the note circulation. There was also an excess of revenue transfers to the Exchequer over Government disbursements. On the other hand, the market was helped by bank balances brought forward from Friday.

Discount houses paid around 11 per cent. for secured call loans in the early part, and with conditions remaining tight, closing balances were taken at 11-11¼ per cent.

In the inter-bank market, overnight loans opened at 11-11½ per cent., and after minor fluctuations, rates firmed sharply through 12-15 per cent. with some business seen at 100 per cent.

Short-term fixed period interest rates recorded small changes.

Rates in the table below are nominal in some cases.

June 28 1976	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposits	Treasury Bills ϕ	Bank Bills ϕ	Fine trade Bills ϕ
Overnight	—	10½-100	—	—	—	11¼	10¾-11½	—	—	—
2 days notice	—	—	11¼-11⅝	—	—	—	—	—	—	—
2 days or 7 days notice	—	11¼-11⅜	11¼-11⅝	—	11⅞-12	—	11-11½	—	—	—
One month	11¼-11⅛	11⅛-11¼	11¼	11⅛-11	11⅞-12	—	10¾-11	10-10⅛	11⅛-11½	11⅝-11½
Two months	11¼-11⅛	11⅛-11⅜	—	11⅛-11	11⅞-12	—	10⅞-11	10⅛-10½	11⅛-11⅛	11¾-11⅞
Three months	11⅛-11	11⅜-11⅜	11¼-11⅜	11⅛-10¾	11⅞-12	—	10¾	11-10⅞	11	11¾-11⅞
Six months	11⅝-11⅛	11¼-11⅜	11⅝-11½	11¼-10¾	11⅞-12	—	—	—	10⅞	11¾-11⅞
Nine months	11⅞-11	11⅞-11⅞	—	11⅛-11	12¼-12½	—	—	—	—	—
One year	11⅝-11⅞	11⅝-11⅞	11⅞-12	11¼-11½	12½-12¾	—	—	—	—	—
Two years	—	—	12⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 13-13¼ per cent.; four years 13¼-13½ per cent.; five years 13½ per cent. ϕ Bank bill rates in table are buying rate for prime paper; buying rates for four-month bank bills 11 per cent.; and four-month trade bills 11¾-11½ per cent. Approximate selling rate for one-month Treasury bills 10[illegible] per cent.; two month 10[illegible] per cent., and three-month 10[illegible] per cent. Approximate selling rate for one-month bank bills 11⅛-11 per cent.; two-month 10[illegible] per cent.; and three-month 10[illegible] per cent.; for one-month trade bills 11[illegible] per cent.; two-month 11[illegible] per cent.; and three-month 11½-11¾ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10 per cent. from June 1, 1976. Clearing Bank Deposit Rate for small sums of seven days' notice notice 6½ per cent. Clearing Bank Base Rate for lending 11½ per cent. Treasury Bill average tender rate of discount 10.9219 per cent.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

[illegible]

Baring Brothers & Co. Ltd.♥ (a)(x)
8 Leadenhall St., E.C.3. 01-588 2830

Stratton Tst.	147.2	153.4	.....	4.86
Do. Accum.	172.8	180.0	.....	4.86

Next sub. day July 7

Bishopsgate Progressive Mgmt. Co.♥
9, Bishopsgate, E.C.2. 01-588 6280

B'gate Pr.* June 22	124.5	132.6	.....	3.86
Acc. Units* June 22	140.7	149.9	.....	3.86
B'gate Int.‡ June 15	128.4	136.1	.....	3.88
(Accum. Units) June 15	135.8	146.1	.....	3.88

Next sub. day †June 29, *July 6.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	50.3	52.9	−0.1	4.59

Framlington Unit Mgt. Ltd.(a)
5-7, Ireland Yard, EC4B 5BH. 01-248 6971

Capital Tst.	57.6	61.2	.....	5.03
Income Tst.	54.4	59.8	.....	7.48

Friend's Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	28.6	30.5	.....	5.14
Do. Accum.	34.3	36.6	.....	5.14

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

						IRISH		
Albany Inv. 20p	18	.....	Higsons Brew.	93	.....	Conv. 9% '80/82	£86¾	.....
Ash Spinning	34	.....	I.O.M. Stm. £1	140	.....	Alliance Gas	54	.....
Bertam	25	.....	Holt (Jos.) 25p	235	.....	Arnott	225	.....
Bdg'wtr. Est. 50p	133	.....	Kleen-e-Ze	33	.....	Carroll (P.J.)	100	.....
Clover Croft	30	.....	Lovell's Ship £1	100	.....	Clondalkin	46	.....
Craig & Rose £1	350	.....	N'thn. Goldsmith	36	.....	Concrete Prods.	97	.....
Dyson (R. A.)	18	.....	P.M.A.	40	.....	Heiton (Hldgs.)	23	.....
Ellis & McHdy.	69	.....	Pearce (C. H.)	85	.....	Ind. News	48	.....
Evans Fr'k 10p	23	.....	Peel Mills	14	.....	Ins. Corp.	160	.....
Everred	12	.....	RobbCaledonSh.	31	.....	Irish Distillers	49½	−½
Fife Forge	45	.....	Sayers 12½p	13	.....	Irish Ropes	90	.....
Finlay Pkg. 5p	16½	.....	Sheffield Brick	82	.....	Jacob	64	.....
Graig & Reed 20p	1526	.....	Sheff. Refrshmt.	140	.....	Sunbeam	11	−1
Graig Ship. £1	515	.....	Shiloh Spins.	25	.....	T.M.G.	92½	.....
Jatan Singh 10p	5	.....	Siddall (Wm.)	56	.....	Unidare	70	.....

Unit Trust Notebook No.4

Personal Taxation and Unit Trusts

Income Tax With each distribution of income from a unit trust the Unitholder receives a voucher detailing the income and the tax credit relating to it which together make up the "income" for tax purposes. The tax credit is equivalent to tax at the basic rate and thus no further tax is due from unitholders paying tax at that rate.

Unitholders with an excess of personal reliefs to set against their unit trust income may reclaim all or part of the tax credit from the Inland Revenue. Conversely, unitholders liable to tax at the higher rates or to the investment income surcharge will have additional tax to pay.

Income reinvested either by way of an accumulation fund or a regular savings scheme forms part of the unitholders income for tax purposes and must be shown in his annual tax return.

Capital Gains Tax A holding in a Unit Trust is a chargeable asset for Capital Gains Tax purposes and both purchases and sales of units must be shown in the unitholders tax return.

Unitholders disposing of their unit trust holdings receive, for Capital Gains Tax purposes, a credit equivalent to half the basic rate of tax (17½% for 1976/77). This means that most basic rate taxpayers will pay no tax on gains made through unit trusts. Where unitholders do have to pay Capital Gains Tax, the maximum rate in respect of unit trust holdings is currently 12½%. Losses arising on the disposal of units must be off-set against other gains made in the same year. Any balance remaining can be carried forward and set against gains in later years.

Tax relief on insurance premiums. When regular payments into a unit trust form part of a life insurance scheme they qualify for tax relief. The relief is usually half the premium at the basic rate.

A booklet "Personal Taxation and Unit Trusts" is available free from the Association (postage 6½p).

This is the fourth of a series under the title Unit Trust Notebook, to be published monthly by the Unit Trust Association. If you would like any more information on the subjects discussed in this series, or on unit trusts generally, please write to the Secretary.

Unit Trust Association
Park House, 16 Finsbury Circus, London EC2M 7JP Telephone 01-628 0871

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INSURANCE, PROPERTY, BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555

Cnv. Bd. June 25	$US8.74	+0.03	—
Energy Int. June 25	$US23.68	−0.08	—
Gr.St.$Fd May 28	$US7.10	.....	—

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross, St. Helier, Jsy. C.I. 0534 20041

CMF Ltd. June 24	$US9.86	10.12	+0.05	—
CMT Ltd. June 24	£9.90	10.16	+0.51	—
Metals Tst. June 17	£13.51	13.84	.....	—
TMT June 10	$US10.[illegible]	[illegible]	.....	—
TMT Ltd. June 10	£11.14	11.43	.....	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Wrld. Wide Gth. Fd.	$US12.27	−0.03	—

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ‡ Guernsey yield. ♦ Suspended. ☆ Single premium assurance bonds.

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FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅞	92⅛	Treasury 6½pc 1976‡‡	99⅞	+⅛	6.54	10.80
98⅝	95⅝	Victory 4pc 1976‡‡	99⅝	.....	4.04	—
101⅛	99⅞	Treasury 10½pc 1976‡‡	100⅛	.....	10.49	10.28
95½	95⅛	Treasury 6¼pc 1977‡‡	97½		6.43	10.37
97⅞	90⅞	Electric 3pc 74-77	96½		3.11	8.32
103⅛	92⅞	Treasury 11½pc 77‡‡	100⅛		11.45	11.01
94⅝	91⅞	Treasury 3pc 77‡‡	94⅞	−⅛	3.18	7.31
95⅝	92¼	Transport 4pc 72-77	95⅞	−⅛	4.19	7.33
99⅞	90½	Treasury 9pc 1978‡‡	96¼		9.30	11.09
101½	97	Treasury 10¼pc 78‡‡	99⅞	.....	10.56	10.81
95⅞	89⅝	Exchequer 5pc 76-78‡‡	92½		5.40	8.73
103⅞	97⅞	Treasury 11½pc 79‡‡	100⅞	+⅛	11.45	11.29
88⅞	83⅝	Treasury 3pc 79‡‡	88⅝	−⅛	3.39	7.09
89⅞	75⅞	Electric 4¼pc 74-79	88⅞	−⅛	4.81	8.40
100⅞	94⅞	Treasury 10½pc 79‡‡	97⅞	+⅛	10.78	11.42
05¼	83⅝	Electric 3½pc 76-79	88	−¼	3.98	7.58
96⅞	90⅞	Treasury 9pc 1980‡‡	93⅛		9.67	11.35
96½	91¼	Treasury 9½pc '80‡‡	93⅛	−⅛	10.17	11.63
86	82¼	Treasury 3½pc 77-80	85⅞	−⅛	4.07	7.70
89⅞	71	Funding 5¼pc 78-80‡‡	89⅛	−⅛	5.89	8.54
103⅞	96⅞	Treasury 11½pc 1981	99⅞	+⅛	11.56	11.55
96	79	Treasury 3½pc 1979-81	82⅞	+⅛	4.22	7.99
95⅞	90⅞	Treasury 9¾pc 1981‡‡	92⅞	.....	10.57	11.92
		Five to Fifteen Years				
93⅞	86	Treasury 8¼pc 80-82‡‡	87⅝xd	+⅛	9.66	11.48
107⅞	99⅞	Treasury 12pc 1983‡‡	102⅛	+⅛	12.16	12.27
81⅛	71¼	Funding 5½pc 82-84‡‡	76⅝xd	+⅛	7.15	9.93
87⅞	75⅞	Treasury 8¼pc 84-86‡‡	81⅝xd	+⅛	10.38	11.60
74⅞	67⅞	Funding 6½pc 85-87‡‡	69⅝	+⅛	9.48	11.68
77⅞	72	Treasury 7¾pc 85-88‡‡	72xd	+⅛	10.68	12.24
51⅛	45⅞	Transport 3pc 78-88	48⅝xd	+⅛	6.17	10.69
59⅞	52¼	Treasury 5pc 86-89	55¼	+⅛	9.22	11.95
103⅞	93¼	Treasury 13pc 1990‡‡	95⅞xd	+⅛	13.55	13.66
75⅞	65	Treasury 8¼pc 87-90‡‡	70⅛	+⅛	11.82	12.98
60	53⅛	Funding 5¾pc '87-91‡‡	55½xd	+⅛	10.62	12.68

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 47⅞% (based on $1.7745 per £)

Conversion factor 0.6790 (0.6776)

CANADIANS

1976 High	low	Stock	£	+ or −	Div. Gross	Cvr	Y'ld Gr's
13⅛	10⅞	Bk. Montreal $2	13	+⅛	$1.00	—	4.4
35⅝	29⅛	Bk. Nova Scot. $2	33⅝	+⅛	$1.60	—	2.7
45¼	33¼	Bell Canada 25c	41xd	−¼	$3.44	—	4.8
23⅝	12	Bow Valley‖	19⅛	−⅛	10c	—	0.3
990p	860p	Brascan‖	860p	.....	$1.00	—	6.6
29⅞	19⅛	Can.Imp.Bk. $2	21⅛	..	$1.28	—	3.5
16⅛	10⅞	Can.Pacific $5	15⅛	..	84½c	—	3.2
29⅝	26½	Do. 4pc Deb. £100	27⅝	..	4%	—	14.5
37⅞	21⅝	Gulf Oil Can.‖	26xd	−¼	$1.00	—	2.2
670p	490p	Hawker Sid. Can.‖	510p		36c	—	4.0
31¼	22	Hollinger $5	31¼	+⅛	$1.80	—	3.2
18	12⅞	Hudson's Bay ‖	16⅞	−⅛	60c	—	2.0
34⅞	26⅞	Hud.B.Oil G. $2½	33⅛	..	$1.40	—	2.4
22¼	17	Imperial Oil‖	20¼	+⅛	80c	—	2.2
31¼	19½	Inco	29	−⅛	$1.40	—	2.8
820p	660p	Int. Nat. Gas $1	760p		80c	—	6.0
25½	16	Massey Fergn.	24⅛	−⅛	$1.00	—	2.4
27⅞	20¼	Pacific Pet. $1	26⅛		20c	—	1.7
38½p	24p	Place Gas $1	34p	−1	—	—	—
29⅛	22⅞	Rio Algom	28⅛xd	−⅛	$1.00	—	2.0
25⅛	20⅛	Royal Bk. Can. $2	23⅛	+⅛	$1.23	—	3.1
25¼	20⅛	Seagram Co. C$1	21⅛	+⅛	80c	—	2.1
16⅞	13⅛	Tor. Dom. Bk. $1	15	−⅛	70c	—	2.6
11	830p	Trans. Can. Pipe	10¼	.....	88c	—	4.9
790p	680p	White Pass	735		♦35c	—	2.7

S.E. List Premium 47⅞% (based on $1.7180 per £)

BANKS AND HIRE PURCHASE

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
250	195	Alexanders D. £1	220	.....	11.67	—	8.2	—
£110	£89	Algemene Fl.100	£93½	.....	Q21%	♦	4.0	♦
490	355	Allen Harvey £1	360	.....	25.0	—	10.7	—
128	93	Allied Irish	100	.....	Q6.8	—	6.9	—
60	38	Anglo Contnl.	48	..	—	—	—	19.3
195	145	Arbuthnot L. £1	160xd	+2	8.25	—	8.0	—
490	377	Aust. & N.Z. £1	475	−3	t10.01	—	3.2	—
£46¾	£33¾	BankAmer. $1.125	£46⅛	+⅛	Q$1.56	—	1.9	—
350	258	Bk. Ireland £1	280		12.5	—	6.9	—

Hire Purchase, etc.

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CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

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ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

هكتامنا الأصل

INDUSTRIALS—Continued

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RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

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TRUST AND BANKING
London Branch: 01-628-5721
Head Office: Tokyo

MINES—Continued

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
10	8	Burma Mines 17½p.	10½		0.1	ϕ	2.0
39½	23	Charterhall 5p	26		—	—	—
965	580	Cons. Murch. 10c	860xd	+1	†Q30c	1.8	5.4
55	28	Laurasia	37	+1	—	—	—
455	245	Northgate C$1	355	+5	—	—	—
239	178	R.T.Z.	209	+1	5.42	2.1	4.0
112	83	Sabina Inds. C$1	83	−2	—	—	—
£15⅞	£10	Tara Exptn. $1	£15¼	+¼	—	—	—
90	65	Tehidy Minerals 10p	85	.....	2.17	ϕ	3.9
142	84	Yukon Cons. C$1	140	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

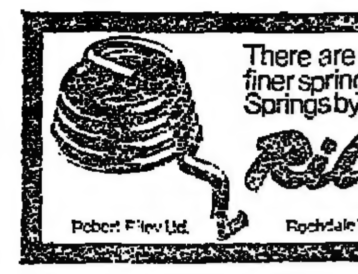
- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‖ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ✚ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment.
A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 27

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £225 per annum for each security



FINANCIAL TIMES

Tuesday June 29 1976

U.K. still to decide on cuts, summit told

BY JUREK MARTIN, U.S. EDITOR — SAN JUAN, Puerto Rico, June 28.

OFFICIALS ACCOMPANYING Mr. James Callaghan, the Prime Minister, at the economic summit here denied that he had told President Ford that the U.K. would make expenditure cuts in the near future.

The two leaders met privately yesterday before the summit formally convened, but the subject was not raised, it was said. Mr. Denis Healey, the Chancellor of the Exchequer, did broach spending cuts in the course of his address to the session, but only to outline the British Government's already stated views.

Mr. Healey acknowledged that the Government was reviewing spending and borrowing, but said that decisions had yet to be taken. He pointed out that public expenditure would be declining as a proportion of gross domestic product next year, and implied that room would be made for the priority claims of export and capital investment.

However, he maintained that much still depended on how the British economy performed in the months ahead.

Mr. Callaghan and Mr. Healey were apparently more concerned with developing the argument that the Western nations would be unwise to ignore the dangers of allowing unemployment to remain at the present high levels.

Mr. Healey disputed the view that tolerating high unemployment was a necessary way of fighting inflation. This, of course, does not square with the U.S. attitude.

Mr. Callaghan, heartened by the praise reportedly lavished on the recent agreement with the TUC by Herr Schmidt, the German Chancellor, contended that if that agreement stuck British inflation should be down to single figures by next year and "we will be able to look our partners in the face again."

He agreed with M. Giscard d'Estaing, the French President, that it was up to individual countries to fashion their own economic policies and set their own social priorities. But he accepted that it was difficult for one nation to pursue policies that were radically out of line with those of its major industrialised counterparts.

As far as can be ascertained, the enforced harmony that has settled on this summit like a humid blanket has precluded the singling out for special attention of any individual country.

The only hint of an initiative that has emerged so far was the apparent suggestion in President Ford's remarks that there might be a special assistance programme "in and around the International Monetary Fund" to help the weaker industrialised countries.

Mr. William Simon, U.S. Treasury Secretary, said to-day that discussions had centred on the use of the General Agreement to borrow and "super-tranches" in the International Monetary Fund.

If the agreement was activated it would be up to the contributory members to set the terms.

Asked whether assistance to Italy had been discussed, Mr. Simon said that the U.S. had made no specific offer but that such a prospect had been included in the talks.

Mr. Simon implied that the possibility of such a special assistance programme for the developed nations had been discussed at the IMF meeting in Jamaica last January. Reactions to it here appear to have been mixed. It is understood that West Germany is broadly in favour, particularly since stiff terms would be applied, but President Giscard was reported to have said that this was not an appropriate time to develop the subject. Other heads of state had reservations, some saying that they preferred to remain within the present confines of the IMF.

Judged by the carefully controlled accounts of the formal addresses by the seven heads of delegation and their Finance Ministers, the conference has dealt almost exclusively in generalities.

President Ford, whose political problems at home in good measure dictated the convening of this summit, made an opening speech which, the special assistance programme apart, appeared to be a simple recitation of well-known American economic positions.

He invoked the spirit of the Rambouillet Summit, urged all nations to ratify the reform of the IMF agreed in Jamaica and argued the need to eradicate persistent balance of payments problems.

Mr Callaghan to-day told the summit on East-West relations that the West would be unwise to compete with each other in offering Eastern Europe cheap credits. But he largely discounted fears that defaults on the ever growing Eastern European indebtedness to the West were on the cards.

Peter Riddell, Economics Correspondent, writes: The annual review of public spending is continuing according to its expected timetable and no decisions are likely to be made on the size of any cuts in 1977-78 until towards the end of July, several months earlier than last year. There is also no indication yet of when any announcement will be made.

Mr. Callaghan and Mr. Healey have said several times in the last fortnight that cuts may be necessary in 1977-78 but have related them purely to internal needs of allowing room for further expansion in exports and investment.

The Treasury has been keen to separate the possibility of cuts from the question of any drawings from the IMF. Some of the Chancellor's advisers are known to favour an early announcement of cuts to help boost confidence in the foreign exchange market, but, if possible, a delayed drawing from the IMF.

Angolan court sends four to firing squad

BY JANE BERGEROL — LUANDA, June 28.

THE ANGOLAN Peoples' Revolutionary Court this afternoon sentenced four of the 13 British and American mercenaries on trial to death by firing squad and gave prison sentences of from 16 to 30 years against all remaining defendants.

They were principally charged with "being mercenaries and taking part in a criminal conspiracy—described as "paid crime to order"—against a constituted and internationally recognised Government and State.

Unless President Agostinho Neto decides to exercise his constitutional power to commute the death sentences, the four could be executed by an Angolan firing squad within the next 48 hours.

They include Mr. Costas Georgio, known as "Colonel Callan," the Greek Cypriot-born British-naturalised mercenary commander who was also convicted of mutiple homicide for his part in the executions of 14 British mercenaries and for gunning down three other Angolan victims.

The other Britons are Mr. Andrew Gordon McKenzie, the only other mercenary convicted of individual homicide for his part in the British mercenary massacre, and Mr. John Derek Barker, also British, whose principal conviction was of being commanding officer for the rival FNLA movement during the Angolan Civil War, as well as mercenary forces in the Sazaire region after the departure to Britain of another mercenary officer in late January.

An American Mr. Daniel Gearhart, convicted of having joined the South African-based professional mercenary organisation, "the wild goose club," is also to die. The court described him as "a highly dangerous character" apparently because of his educational level, and past service in the U.S. Army security in Vietnam. The court seemed to feel he was operating on behalf of U.S. intelligence.

Four British lawyers here are now contacting the ten British found guilty before launching clemency appeals on their behalf.

The lawyers have already appealed to the Queen, urging her to intervene and ask President Neto for clemency on behalf of the convicted men. They are directing similar appeals to the Foreign Office and Amnesty International, while in Luanda they are to appeal direct to President Neto.

The trial has been, in the Angolan Justice Ministers' own words a "highly political" affair designed to throw responsibility for the mercenary operations on to the governments concerned—and thus highlight their opposition to the Marxist MPLA movement. But its main purpose has been to stimulate world-wide pressure for new international legislation against mercenaries. The trial and sentences, the first by the Revolutionary Court, also establish a precedent likely to affect subsequent trials of other foreign mercenaries and of FNLA and Unita prisoners.

The court argued for a lighter sentence for the youngest men, American Mr. Gary Acker, and two Britons, Mr. John James Nammock and Mr. Malcolm McIntyre (whose case history reportedly includes periods of mental treatment). Their 16-year sentences have been imposed for what was described as the general crime of being mercenaries and engaging in criminal conspiracy against the Angolan State.

Three more Britons, Mr. John Lawlor Mr. Colin Evans and Mr. Cecil Fortuin, received 24-year sentences for the same crimes.

Finally American Mr. Gustav O'Grillo, and Britons Mr. Kevin Marchant and Mr Michael Wiseman were sentenced to 30 years for "accentuated malice" as well as criminal conspiracy and mercenary activity.

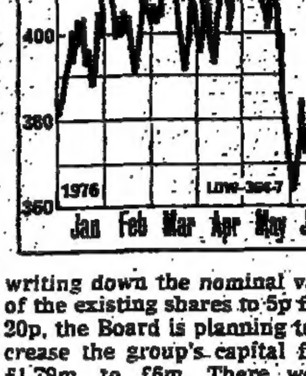
The Presiding Judge described the mercenaries' actions as "an orgy of contempt" for Angola.

● WASHINGTON—The State Department said that the death sentence passed on Gearhart was not justified under international law or warranted by the facts.

THE LEX COLUMN

Eastwood's sunny side up

Index fell 3.6 to 371.5



There are no disappointments from J. B. Eastwood with the group producing yet another spectacular reversal in fortune. For 1975-76 Eastwood has turned losses of £0.5m. pre-tax into profits of £7m., at which level they are roughly a fifth more than the previous best returns of two years ago. What is more, there are clear hints that further earnings progress can be made in the current year. The shares rose 4p to 58p yesterday where the conventional ratings are a yield of 9.4 per cent.—covered 4.3 times—and a p/e of less than 4.

Of course Eastwood is not a very conventional company. Its record is heavily scarred by the impact of commodity price gearing, and last year's return to the black is due almost solely to a massive turnround in broilers and turkeys. At the same time profits over the two halves of 1975-76 eased from £4.07m. to £2.93m. But Eastwood puts down the half to half trend to seasonal influences, while this year it is hopeful about egg trading and confident in poultry. Broiler prices were noticeably firm last year—at their peak prices were running a third ahead through the July to September quarter at around 25½p per lb.—and they still look firm.

Turkey production doubled to 1m. birds last year while broiler output was cut back by a fifth to 40m. Both are on a rising curve this year, and egg production is running about a tenth higher to date. But feed costs are also rising.

See also Page 27

Williams Hudson

Vocal opposition emerged yesterday to the plans of Williams Hudson to restructure its share capital ahead of a mooted rights issue—Surinvest and a group of three or four institutions holding around 1m. shares in all (out of a total 11.4m. in issue) are arguing that much more information must be forthcoming before shareholders could approve such a move. If WH needs a rights issue, asks Surinvest, how could it afford to pay out £582,000 for a stake in Pleasurama the other week? And given a current market capitalisation of only just over £1.5m. at 13½p, a rights issue is not going to make much impact on the net debt of £47.5m. shown in the last balance sheet (now some 15 months out of date).

The proposals have another curious feature. As well as writing down the nominal value of the existing shares to 5p from 20p, the Board is planning to increase the group's capital from £1.79m. to £6m. There would then be 116m. authorised 5p shares, of which less than a tenth would be issued. This would create an extraordinary latitude for the Board in its plans for issues or acquisitions. There is also an obscure proposal to give each share two votes instead of one.

Such an increase in the capital poses the possibility that the Board is planning a rights issue on a much larger scale than is usual. This could not be underwritten in the normal way, and any special underwriting arrangements—such as through Argo (Caribbean), which now has a 44 per cent. holding—could involve an increase in its stake and dilution of the interest of other shareholders.

For a group with WH's record to make such sweeping proposals without adequate explanation is quite unacceptable. Shareholders are assured by the chairman, Mr. David Rowland, that if no rights issue materialises "no issue will be made which would effectively alter the control of Hudson Group or the nature of its business without prior approval of Hudson Group in general meeting." Shareholders should also realise that the Board has sufficient votes under its control (50.3 per cent.) to command a simple majority, but not enough to ensure the 75 per cent. support required at the extraordinary meeting to-morrow week.

See also Page 26

Sandwell Loan

Sandwell is following neighbouring Birmingham with a £15m. new issue into [illegible] medium-term corporation [illegible] market which has been [illegible]tively firm lately. Birmingh[illegible] managed slightly better te[illegible] six weeks ago—a price of [illegible] for a 13 per cent. stock da[illegible] 1983, against Sandwell's 97[illegible] a 1982 date—but interest ra[illegible] have risen since then. [illegible] Sandwell is more finely pric[illegible] against the comparable g[illegible] with a margin of only abo[illegible] 1.3 points on yield—with Sa[illegible]well yielding 13.58 per ce[illegible] compared with 13.15 per ce[illegible] on the similarly dated G[illegible] stock the issue should get aw[illegible] to a good reception—but always everything depends [illegible] the gilt market holding [illegible] until Thursday morning.

See also Page 2[illegible]

Reed Int.

Reed International's accoun[illegible] give a vivid picture of the s[illegible] of the group's spending [illegible] year. Capital expenditure ro[illegible] from £39m. to £54m., and acqu[illegible]sitions—nearly all of them ov[illegible]seas—amounted to £40m. N[illegible] working capital in sterlin[illegible] terms rose by £52m., or mor[illegible] than a fifth. At the same time the worlwide recession squeeze[illegible] net cash flow down to und[illegible] £30m., and the overall result o[illegible] the swings in exchange rate on reserves has been modestly adverse.

So the gearing ratios hav[illegible] moved up smartly. Short term borrowings are £17m. higher a[illegible] £55m., and loan capital has risen by £79m. to £300m., over a tenth of which is wholly repayable within the next five years. The average cost of borrowing is going up too, by over half a point to just over 8 per cent. Meanwhile tangible stockholders' funds have risen by £18m. to £240m., mostly as a result of higher minority interests.

Reed has always maintained high borrowing levels, and it has moved up towards the present ratios in the past. But there is no suggestion that it is going to stop here. Total capital commitments have jumped from £47m. to £110m., and since the year end two more overseas acquisitions have been made at a cost of £16m. Working capital is again going to be substantially higher this year, if the upturn in trading emerges on anything like the scale that most people seem to be expecting. So it is easy enough to see why Reed's name tends to come up when there are rights issue rumours about: the current market capitalisation is £233m.

See also Page 31

BP under pressure to accept State's North Sea oil deal

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH PETROLEUM has come under intense Government pressure to accept early State participation in its North Sea oil interests. In an unprecededented move, top negotiators from the Cabinet, the BP Board and the British National Oil Corporation met for two days in a country retreat in a bid to reach a formula for an agreement.

After the meeting, at the Civil Service College, Sunningdale, the Department of Energy commented yesterday: "Good progress was made during the talks and a further statement will be made in due course." None of the participants would comment further.

The fact that the meeting had been called at relatively short notice and was attended by so many top-ranking officials shows the urgency with which the Government views the negotiations, and the difficulties.

Representing the Government were Mr. Anthony Wedgwood Benn, Energy Secretary and head of the participation negotiating team: Mr. Harold Lever, Chancellor of the Duchy of Lancaster, Mr. Joel Barnett, Chief Secretary to the Treasury, and Mr. Dickson Mabon, Minister of State for Energy.

The British National Oil Corporation was represented by Lord Kearton, its chairman and chief executive, and Mr. Jerry Evans, its secretary.

Leading the BP negotiators were: Mr. David Steel, chairman: Mr Monty Pennell, deputy chairman, Mr. Christopher Laidlaw, Mr. Peter Walters and Mr. Robin Adam, three group managing directors; and Mr. Denys Milne, managing director of BP Oil, the group's U.K. subsidiary.

Although BP was one of the first oil companies to agree in principle to State participation in commercial oil fields, it is anxious about some of the terms that have been discussed.

BP has a special position in the U.K. oil industry since the Government has a direct 48 per cent. stake in the company. The Bank of England holds a further 20 per cent. stake.

Consequently, the participation deal is expected to be much more far-ranging than those agreed so far with other companies. For BP, with 37,000 employees in the U.K., a participation deal could result in a fundamental change in its business.

Premium price

Negotiating difficulties are understood to have centred on three basic points. First, BP has not been satisfied with the terms offered for the North Sea crude which BNOC would buy under the participation agreement.

BP has argued that in order to remain in financially no worse or better position (the Government's participation pledge) it would need to receive a premium price for the oil sold to BNOC to compensate it for the loss of feedstock to downstream activities. Alternatively, BP has asked for a reverse option to buy back crude from the Government at the market price to provide adequate feedstock.

Second, BP is uneasy about the terms for a possible joint venture involving the State oil corporation in downstream activities, particularly refineries. BNOC has indicated that it wishes to enter the refinery and chemical businesses eventually and it is thought that the participation agreement will involve a provision for sharing in some BP facilities.

It is significant that the BP team at the talks included Mr. Laidlaw, whose responsibilities include BP Oil affairs, bulk trading, international marketing and trading; Mr. Walters, in charge of operations, supply, shipping and chemicals; and Mr. Adam who looks after corporate planning, finance and new ventures. Mr Milne would work closely with BNOC if a joint venture arrangement materialised.

The third area of concern, although less contentious, involves the extent to which BP will lend technical support to the young State oil corporation.

In spite of the complexities of the negotiations, the three sides believe that an agreement can be signed within the next month or two. The Government is particularly anxious for this to be achieved.

Not only would a participation agreement with BP pave the way for similar arrangements with other major oil companies, Shell and Esso in particular, but it would also clear the air for the dispersal of the BP shares held by the Bank of England. The equity was acquired from Burmah in January, 1975 for £179m. although it is now worth about £500m.

TUC agrees to join accountancy talks

BY MICHAEL LAFFERTY

THE TUC will join the accountancy profession and the Confederation of British Industry, as well as several City and other representative institutions, to-morrow to discuss the development of future accounting and financial reporting standards for British companies.

The talks will take place at a meeting of the consultative committee of the Accounting Standards Committee (ASC), the profession's standard-setting body. The committee has been in existence for several years and meets about three times a year.

The decision to invite the TUC was taken in February, but the ASC was not assured then that the TUC would accept. It was thought that the TUC might not have wanted to be seen to be supporting the self-regulatory mechanism of the U.K. financial market in which the ASC plays a significant role.

The TUC's acceptance of the invitation contrasts sharply with its earlier attitude to the Government-appointed Sandilands Committee on inflation accounting.

The committee, of which Lord Feather, the former TUC general secretary was a member invited the TUC to give evidence to discover what information employees needed from company accounts. But the TUC refused on the grounds that "we should not be dealing with technical accounting matters."

It was thought subsequently that the TUC had reservations about certain aspects of the implementation of the new inflation accounting system being handled by the ASC.

It was confirmed yesterday that a member of the TUC's economic staff at Congress House would represent the trade unions at to-morrow's meeting.

Deferred taxation

A TUC official said: "We're not joining the consultations with any preconceived notions." However, it seems unlikely that the present representation on the ASC consultative committee, of which the TUC will be only one of about 20 organisations, mainly from the City, will continue unaltered for much longer.

The ASC will also decide to-morrow whether to do anything about its controversial standard on deferred taxation, which the CBI, the banks and insurance companies want suspended before it comes into force in December.

The ASC meeting will also mark the resignation of Sir Ronald Leach, ASC's founder chairman and his succession by Sir William Slimmings, senior partner of accountants, Thomson McLintock.

Four weeks' lager drunk in four days

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE BRITISH HAVE reacted to the abnormally hot weather by drinking as much lager in four days as they usually drink in four weeks, by eating 10m. portions of ice cream and ice lollies a week and by quaffing Coca-Cola at the rate of 10m. drinks a day—twice the normal rate for June.

However, so far this has not caused any major production problems for the beer, soft drinks or ice cream companies.

Drought and heat have badly hit cereal crops in the South and East of England—and harvest prospects in many parts of Europe look bad. Peter Bullen, Page 33.

Most would echo what the man from the R. White soft drinks company said last night: "We are under a lot of pressure and things are creaking a little. But we are maintaining supplies."

Walls seemed rather pained that anyone should think the company might be taken by surprise by hot weather in June. "We are not working any overtime because we are geared to cope with this kind of weather."

However, he admitted that Walls expects this June to set an ice cream record. "In the four weeks of June last year we sold a best-ever 174m. portions. In the first three weeks of this month we sold 130m. portions and are confident we will sell at least another 50m. this week.

Lyons said it had made a scorching start to June. "All three Lyons' factories are working flat out, mainly on the production of ice lollies and drinks-on-sticks for adults. Last week our main Greenford plant devoted 120 hours of production to drinks-on-sticks."

The two major ice cream companies are neck and neck because Lyons says it sold 150m. pieces since the beginning of June.

While all the producers insist that they can cope for some time to come, the soft drinks companies in particular are able to do so only by working longer hours. R. White factories have been working from 7 a.m. to 10 p.m. and the demand for canned lemonade has shot up so dramatically that the company is considering running its canning line 24 hours a day.

At Coca-Cola U.K., marketing director Mr. Geoff Unsworth says that retailers were well stocked up with Coke because "a lot ran out of stock last year and learned their lesson then."

The breweries, too, are keeping up with demand but there are some local difficulties. Allied Breweries reported that its Ind Coope pubs in Southern coastal resorts or near any riverside "have shifted in four days the amount of lager they usually sell in four weeks at this time of year."

Michael Thompson-Noel writes. The heatwave is expected to continue for another three days. In London — after the hottest June night on record — the temperature at 3 p.m. yesterday was 91 F (33 C).

Around the country, motoring organisations were counting the cost of one of the busiest weekends on the roads. In the London area alone the AA dealt with 5,000 breakdowns, mostly due to overheating.

On the A2-M2 London-bound carriageway police abandoned work on an official traffic census because drivers' tempers were frayed.

For the first time at Lords, members were allowed to take off their jackets in the pavilion.

A 32-ton lorry loaded with kippers collapsed in the centre of Dover, but an AA man quickly repaired the vehicle's refrigeration unit.

Water Council seeks £170m.

BY MARY CAMPBELL

THE BRITISH National Water Council is to raise $300m. (£170m.) from international banks. The funds will come in the form of a five-year Government-guaranteed loan at a variable rate of interest, banking sources said yesterday.

This will be the second big loan raised by a British public sector borrower from international banks within two months. In the first such borrowing since 1974, the Post Office raised $200m. from international banks in May.

The terms of the water council's loan are expected to be effectively the same as for the Post Office's borrowing. The interest rate payable is likely to be 1¼ points above inter-bank rates.

However, it appears that the major British banks will be involved in this loan—the loan to the Post Office was raised without their help.

Although the lead manager for the loan is expected to be Orion Bank—a consortium bank owned by major banks from the U.S., Japan and European countries—about half the management group is expected to be British.

The loan, for which the exchange rate risk will be carried by the Treasury, will come as a helpful boost to Britain's foreign exchange reserves although it is unlikely to show up in the figures for some weeks.

Britain's foreign currency reserves stood at $5.4bn. at the end of May. The figures for the end of June are to be published on Friday.

Weather

U.K. TO-DAY

VERY HOT in the South; cloudy in Scotland and N. Ireland.

S.E., Cent. S. and E. England, London, Midlands, Cent. N. England

Dry and sunny. Wind S., light. Max 34C (93F)

Channel Is., S.W. England, S. Wales

Sunny, isolated thunder. Wind S.E., light or moderate. Max 33C

N. Wales, N.W. and NE. England, Lakes, I. of Man, Borders

Sunny periods, coastal fog. Wind S., light to moderate. Max 25C (75F).

Edinburgh, Dundee, Aberdeen, Glasgow, S.W. Scotland, N. Ireland

Cloudy, rain at times. Wind S., light to moderate. Max. 25C

Rest of Scotland

Rain at times, brighter later. Wind S., moderate or fresh. Max 15C (59F).

Outlook: Hot and dry, perhaps thundery showers in the South.

Lighting-up: London 21.51, Manchester 22.12, Glasgow 22.36, Belfast 22.34.

Pollen count: 39 (low).

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	S	28	82	Luxembrg.	S	31	88
Amstrdm.	S	28	82	Madrid	F	25	77
Athens	F	31	88	Manchstr.	S	28	79
Barcelona	S	27	81	Melbourne	R	11	52
Belfast	S	24	75	Milan	S	26	79
Belgrade	S	25	77	Montreal	C	[illegible]	[illegible]
Berlin	S	31	88	Moscow	S	23	73
Birmghm.	S	28	82	Munich	S	27	81
Bristol	S	29	84	Newcastle	S	20	68
Brussels	S	32	90	New York	S	29	84
Budapest	F	29	84	Oslo	S	23	73
Cairo	S	34	93	Paris	S	34	93
Cardiff	S	[illegible]	[illegible]	Perth	S	21	70
Cologne	S	33	91	Prague	S	29	84
Copnhagn	S	22	72	Rome	S	29	84
Dublin	S	22	72	Singapore	S	29	84
Edinburgh	S	24	75	Stockholm	S	22	72
Frankfurt	S	33	91	Sydney	S	17	63
Geneva	S	29	84	Tehran	S	32	90
Glasgow	S	22	72	Tel Aviv	S	27	81
Helsinki	F	21	70	Tokyo	C	26	79
Hong Kg.	S	31	88	Toronto	C	[illegible]	[illegible]
Jo'burg	C	14	57	Vienna	S	29	84
Lisbon	C	25	77	Warsaw	F	31	88
London	S	32	90	Zurich	S	27	81

HOLIDAY RESORTS

Ajaccio	T	26	79	Locarno	F	26	79
Algiers	S	27	81	Luxor	S	43	[illegible]
Blackpool	S	21	70	Majorca	F	27	81
Bordeaux	S	34	93	Malaga	S	26	79
Casablnca.	S	23	73	Malta	F	26	79
Cape Tn.	S	17	63	Nairobi	S	23	73
Corfu	S	30	86	Nassau	S	29	84
Faro	S	28	82	Nice	R	22	72
Florence	S	29	84	Nicosia	S	24	75
Gibraltar	C	22	72	Rhodes	S	27	81
Guernsey	S	26	79	Salzburg	S	25	77
Innsbruck	S	28	82	Tangier	T	22	72
Is. of Man	S	19	66	Tenerife	F	18	64
Istanbul	S	27	81	Valencia	S	27	81
Tunis	S	30	86	Venice	S	30	86

S—Sunny. F—Fair. C—Cloudy. R—Rain. T—Thunder.

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